

Rural Development Programme for England

East Midlands Regional Implementation Plan 2007-2013

Draft 2nd Edition
November 2009



Preface

The second (2010) edition of this RIP is based on a 'refresh' of the original (2008) RIP, reflecting the experience of programme delivery to date and various changes, primarily at national or EU level, since the approval of original East Midlands RIP. The original format of the document has been retained, with updated sections inserted as relevant throughout the document.

It is important to note that this does not represent an entire re-write. The context of the RIP remains as stated below. There is a limit to what can and can't be changed at regional level. These limits differ between the programme strands as follows:

- Strand 1 – balance of funding between measures determined at national level. Some regional flexibility in targeting. (see section 4.1)
- Strand 2 – some changes to the balance of funding between measures within overall axis limitation (strand 2 covers activity in axis 1 and axis 3)
- Strand 3 – some changes between measures to reflect the agreed contracted values of the 7 LEADER groups
- Strand 4 – additional resource allocated to this strand to reflect changes at national level and experience to date

Sections 3 and 4 set out the proposed revisions in more detail.

Programme delivery reports to date, across all axes, can be found at http://www.ruralaffairs.org.uk/extra_list.php?filter=RDPE+Regional+Consultation+Group

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

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

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

It should be recognised that The RDPE is designed to specifically target agriculture, land based businesses and rural communities in alignment with the three priorities above. It is not a rural programme that covers the whole rural development remit. The RDPE is to be

targeted at specific areas of need and opportunity. It will complement, add value, and will not duplicate or replace investment and interventions from other, existing, sources.

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

Rationale for review

As referred to above, economic and policy changes which have occurred since the approval of the original RIP, which necessitate the re-visiting of the original measure allocations, include:

- Voluntary modulation funds (including livestock)
- Broadband/dairy funding (EERP)¹
- Programme delivery experience to date, including the establishment of seven contracted LEADER groups
- CAP health check & subsequent intervention rate changes
- Economic downturn & subsequent (temporary) state aid changes
- Climate Change impacts and Action Plan
- Establishment of National RDPE Network
- Introduction of Uplands ELS in place of HFA
- England's Trees Woods and Forests Delivery Plan

Sections 3 and 4 set out the proposed revisions in more detail.

Stakeholder consultation and engagement

There was extensive consultation and engagement with stakeholders in the process of compiling the original (2008) East Midlands RIP; an approach which has continued into the delivery phase of the programme and the review to inform the RIP's second edition.

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

Regional programme governance is undertaken through a Programme Management Group (comprising delivery partners and GO-EM) meeting six times per year, with a Regional Consultative Group (RCG) comprising a wider range of stakeholders occurring three times per year. The latter is hosted under the auspices of the East Midlands Rural Affairs Forum (EMRAF). Terms of reference and membership lists are included in Annex 2.

The EMRAF website also hosts papers and presentations for the RCG, including programme delivery reports. These can be found at

http://www.ruralaffairs.org.uk/extra_list.php?filter=RDPE+Regional+Consultation+Group

¹ It was announced in July 2009 that as part of the European Economic Recovery Plan (EERP), the dairy industry and rural broadband in England will benefit from £5.2 million of new European funding, to be equally split between the dairy industry and rural broadband infrastructure, and delivered through RDAs under RDPE. The East Midlands share of this funding is £805,000.

At national level, as required in the Rural Development Regulation, the RDPE Network has now been established to assist with the spread of good practice and wider stakeholder networking beyond the region.

It is the view of East Midlands delivery partners that there is a strong level of stakeholder engagement and agreement, especially among business sectors, with our proposed approach to the programme, as set out within this document.

Overall Structure of the Plan

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

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

Annex 1 is available on www.emda.org.uk/rdpe and provides more detailed evidence in support of the proposals for use of the RDPE in the East Midlands.

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1. Summary of Programme Delivery strands

1.1 Delivery strand 1:

Conserving and enhancing the environment & countryside

Summary of key evidence:

(see annex at www.emda.org.uk/rdpe for full evidence, including references)

Although the East Midlands has a number of notable environmental assets and good natural resources to support productive agriculture, the region has fewer areas of nationally designated landscapes and at only 5.3%, less woodland cover than any other English region. Biodiversity has declined more quickly in the East Midlands than in any other region. There are continuing threats to biodiversity in the East Midlands from intensive farming practices and development pressures but also from climate change. Climate change is believed to have a direct effect on the following habitats which are important to different parts of the rural East Midlands: blanket bog; lowland wood pasture and parkland; salt marsh; and lowland hay meadows, as well as to high grade agricultural land, much of which is at or near sea level in the east of the region, and could become increasingly prone to flooding. On the other hand, parts of the East Midlands are amongst the driest in England and much of the region's surface water is already fully utilised during the summer. Additionally, although the region's soil is generally of a high quality, this valuable natural resource is under pressure. 90% of the region's land area has been designated as a Nitrate Vulnerable Zone. Many heritage sites are also at risk from agricultural practices.

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

Justification:

Supports RAP priorities:

- High quality environment
- Thriving rural economy

Supports Regional Environment and related strategies:

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

Supports Regional Forestry Framework (space4trees)

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

Supports all Natural England Strategic outcomes and objectives

Supports Strategy for Sustainable Farming and Food

Supports Regional Economic Strategy priority actions:- Ensuring Sustainability

- improve damaged environments

- protect & enhance green infrastructure

Market Failure

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

Options:

Potentially all proposed measures in RDR Axis 2 (except those linked to animal welfare payments)

Preferred options:

Agri-environment and afforestation / woodland management schemes

Delivery approach:

- Primarily by Natural England and Forestry Commission via Environmental Stewardship and England Woodland Grant Scheme and associated / legacy activities. Also via payment of existing Hill Farm Allowance (HFA) or Uplands ELS once introduced early in 2010
- Seeking wider benefits in water, waste & energy resource management wherever possible

Targeting: Targeting will continue as a means of maximising environmental gain in the context of HLS agreements. Natural England. The recently agreed targeting statement for the East Midlands Region will inform future HLS agreements with a view to providing much tighter focus on environmental priorities to be delivered.

Targeting of support for woodland creation and management is influenced by the Woodland Birds Project. See www.forestry.gov.uk/eastmidlands for details.

1.2 Delivery strand 2: Competitiveness, collaboration & diversification

Summary of key evidence:

(see annex at www.emda.org.uk/rdpe for full evidence, including references)

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

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

Justification:

Supports RAP priority:

- Thriving rural economy
- High quality environment

Supports Regional Economic Strategy Structural Theme: Raising Productivity

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

Supports Strategy for Sustainable Farming and Food

Supports Regional Environment and related strategies:

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

Supports Regional Forestry Framework (space4trees)

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

Supports Natural England Strategic outcomes and objectives:

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

Market Failure

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

Options: Permitted measures in RDR axis 1 and axis 3

Preferred options : Support for projects supporting the following objectives :

- Agricultural holding modernisation
- Adding value to agricultural and forestry products
- Infrastructure related to the development and adaptation of agriculture and forestry
- Diversification into non-agricultural activities
- Support for the creation and development of Micro Enterprises (to deliver wood fuel and forestry related activities only)
- Basic Services (to deliver broadband related activities only)

Delivery approach: *emda* direct to applicants

Targeting: Potentially throughout the region, subject to the quality and assessment of proposals. Also cross references with LEADER approach (see 4.3 below). Axis 1 Voluntary Modulation receipts equalling approximately £12.5m will be available for the region's livestock sector specifically.

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

1.3 Delivery strand 3: Enhancing opportunity & quality of life in rural areas (LEADER Approach)

Summary of key evidence:

(see annex at www.emda.org.uk/rdpe for full evidence, including references)

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

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

Justification:

Supports RAP priorities:

- Thriving rural economy
- High quality environment
- High quality services accessible to all

Supports Regional Economic Strategy Structural Theme: Achieving Equality

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

Supports Strategy for Sustainable Farming and Food

Supports Regional Environment and related strategies:

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

Supports Regional Forestry Framework (space4trees)

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

Supports Natural England Strategic outcomes and objectives:

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

- more people enjoying, understanding and acting to improve the natural environment more often

Market Failure

In general, spatially targeted intervention can be justified as a result of the distributional consequences of market activities, where geographic inequities have arisen as a result of structural changes or through sparsity, remoteness or poor connectivity and / or weak markets. In this case intervention has the objective of achieving these desired equitable outcomes.

Options:

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

Preferred option:

Detailed nature of activity to be determined by Local Action Groups, in line with criteria and resources pertaining to the available Measures. (see later section 4.3 for more detail on LEADER approach)

Delivery approach:

LEADER Approach - *emda* via Local Action Groups in target areas.
Also seek to achieve benefits in water, waste & energy resource management wherever possible.

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

1.4 Underpinning / cross-cutting delivery strand: Skills development

Summary of key evidence:

(see annex at www.emda.org.uk/rdpe for full evidence, including references)

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

Justification:

Supports RAP priorities:

- Thriving rural economy
- High quality environment

Supports Regional Economic Strategy priority : Employment, Learning and Skills

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

Supports Strategy for Sustainable Farming and Food (SSFF)

Supports Regional Environment and related strategies:

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

Supports Regional Forestry Framework (space4trees)

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

Supports Natural England Strategic outcomes and objectives:

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

Market Failure

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

Options:

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

Preferred option:

- support for vocational training courses in agriculture, food & forestry, to underpin all delivery strands, via a skills provision contract based on evidence of need and gap analysis. This analysis will be undertaken via a commissioned consultancy exercise, from which the scope of the contract to be tendered will be established. Delivery of the contract will be financed from the allocation in the vocational training measure in Axis 1 (see table on page 20 of this document).

Delivery approach: *emda* via commissioned supplier(s).

See <http://www.lantra.co.uk/businesses/england/east-midlands/landskillseastmidlands/> for more detail on arrangements for 2009-11.

Targeting: based on evidence of need and responsive to demand

2 Regional Objectives and Priorities

2.1 Programme Objectives

The **Regional Rural Framework** for the East Midlands has been developed through a comprehensive consideration and consultation on regional priorities in a rural context, encompassing environmental, economic and socio-economic objectives. The first RRDF was incorporated within a regional **Rural Action Plan** (RAP), launched in early 2007. This is currently being reviewed and updated to reflect changing economic circumstances and policy environment, with a new version due in early 2010. The 'refreshed' RAP will be cross-referenced with the Regional Economic Strategy (RES), and is informed by the Regional Environment Strategy and the Regional Biodiversity Strategy, developed through the Regional Assembly.

The rural vision and priorities for the East Midlands are to achieve a region in which rural areas are vibrant places for people to live, work and visit, with:

- a thriving rural economy
- quality services, accessible to all
- a high quality environment
- sustainable and inclusive communities

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

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

2.2 Regional Programme Delivery strands

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

For the purposes of delivery, the following programme Strands are being used:

1. **Conserving and Enhancing the Environment and Countryside**

(Axis 2 measures; support for axis 1 & 3 objectives)

This will be achieved by supporting land based businesses to be sustainable both environmentally and economically.

Delivered through Natural England and the Forestry Commission.

2. **Competitiveness, collaboration and diversification**

(RDR Axes 1 & 3; support for axis 2 objectives)

Mainly targeted at land based businesses and related collaborative and co-operative

ventures to support their sustainable development.
Delivered through *emda*.

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

(RDR Axis 3; support for axis 1 & 2 objectives)

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

4. **Skills development** – as per section 1.4 above (measure 111, Axis 1)

Delivered through *emda* via contracted supplier(s). See

<http://www.lantra.co.uk/businesses/england/east-midlands/landskillseastmidlands/>

for arrangements for 2009-11.

2.3 Programme Priorities

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

Delivery strand 1: Conserving and enhancing the environment and countryside

- Agri-environment, afforestation and woodland management payments

Delivery strand 2: Competitiveness, collaboration and diversification

- Diversification into non-agricultural activities
- Adding value to agricultural and forestry products
- Co-operation and collaboration for the development of new products & processes
- Improvements in resource use efficiency, particularly water and energy
- To support the development of aspirational second generation broadband provision in rural areas

Delivery strand 3: (LEADER Approach)

- Support for the creation and development of micro-enterprises
- Diversification
- Encouragement of tourism activities
- Training and information

Delivery strand 4: Skills development

- Vocational training and information in agriculture (with a particular focus on the livestock sectors), food or forestry sectors.
This is proposed in response to the stated importance amongst stakeholders and recognised need for this activity.

Across all delivery strands there is a desire to support projects which build on successful pilots and approaches, stimulate innovation, support collaboration and delivery of

integrated outcomes wherever possible and appropriate. These priorities will be kept under review and are likely to evolve over the duration of the Programme.

2.4 Cross cutting programme priorities

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

- **Economic, social and environmental integration / joint outputs**
 - Projects are expected to consider and maximise multiple benefits delivering across all aspects of the sustainability agenda
- **Water resource efficiency**
 - Projects utilising water resources will need to demonstrate efficient and sustainable use of the water resource and, where applicable, how obligations under the Water Framework Directive will be met.
- **Energy efficiency and renewables**
 - Where applicable, all projects must make reference to and demonstrate the intention of incorporating energy efficiency
 - investigate where possible the use of renewable energy

Waste management and minimisation

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

Innovation

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

A number of the cross-cutting programme priorities (i.e. water resource, energy efficiency and renewables and waste management and minimisation) will contribute to regional action in respect of **Climate Change**. The issue of climate change is complex; the actions required to address it are many and varied and the scope of RDPE and the very limited funding pot cannot address these issues in isolation. However, it has been demonstrated through research conducted by Natural England that agri-environment schemes make a significant contribution to reduction of greenhouse gas emissions and the aim will be to increase coverage further to promote further reductions in the relevant greenhouse gas emissions

Additionally, the RDPE in the East Midlands will:

- support activities which increase the resilience and adaptability of the natural environment to climate change – e.g. promoting habitat linkages

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

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

3 Regional Balance of Measures

The balance of Measures in the East Midlands at the start of the Programme is shown in the following table. This balance was informed by:

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

The table also includes allowance for legacy commitments under the previous RDPE 2000-06. Within these overall parameters, the following indicative allocation of available resources, structured by RDPE Measure, is now planned.

For an explanation of the changes proposed in the second edition, please see the relevant sections of the 'regional delivery strategy' (section 4):

Budget Allocations by RDPE Measure, (March 2008 & proposed 2010)

	£m 2008 RIP	Proposed RIP 2		Total RIP 2
		£m	£m EERP	
Axis 1 – Making agriculture more competitive and sustainable (<i>emda</i>)				
111. Vocational training and information actions for persons engaged in the agricultural, food or forestry sectors (Delivery Strand 4)	1.75	2.00	0.402	2.402
114. Use by farmers and forest holders of advisory services	0	0		0
115. Setting up of farm management, farm relief and farm advisory services (<i>legacy only</i>)	0.004	0.004		0.004
121. Agricultural holding modernisation	6.76	6.5		6.50
122. Improving the economic value of forests	1.05	0.1		0.1
123. Adding value to agricultural and forestry products	11.13	11.49		11.49
124. Co-operation for the development of new products	1.40	0		0
125. Infrastructure related to the development and adaptation of agriculture and forestry	6.00	8.00		8.00
	28.094	28.094	0.402	28.496

Axis 2 – Enhancing the Environment and Countryside (Natural England/FC) <i>proposed % allocation – dependent on final budget settlement and level of on-going commitments</i>	£m	%
212. Ag - payments to farmers in areas with other handicaps	8.96	2.9
214. Ag - Agri-environment Payments	255.24	81.8
216. Ag - Support for non productive investment*	32.52	10.4
221. For - first afforestation of agricultural land	11.2	3.6
223. For – First afforestation of non-agricultural land	0.7	0.2
225. For - Forest-environment payments	3.0	0.9
227. For - Support for non-productive investments*	0.5	0.2
<i>*NB: Limited support for non-productive investment may be required in support of capital works.</i>		

Axis 3 – Quality of Life and Enhancing Opportunity in rural areas	£m Proposed RIP2					£m Total RIP2
	£m 2008 RIP	£m ERDP Legacy	<i>emda</i>	LAGs	EERP	
311. Diversification into non-agricultural activities	22.05	0.84	13.19	2.75		16.78
312. Support for the creation and development of micro-enterprises	3.42		0.5	3.03		3.53
313. Encouragement of tourism activities	2.73	0.44		3.01		3.45
321. Basic services for the economy and rural population	0.32	0.29	4.00		0.403	4.693
322. Village renewal	0.22	0.22				0.22
323. Conservation and upgrading of rural heritage	1.14			1.35		1.35
331. Training and information	1.14			1.25		1.25
341. Skills acquisition, facilitation and implementation (non-LEADER)	0					0
421. Co-operation activity	0.22			0.26		0.26
431. Running costs, skills acquisition, animation	1.19			1.29		1.29
Shaded measures under axis 3 to be delivered under the LEADER approach in selected target areas (see section 4.3)		1.79	17.69	12.94	0.403	32.823
	32.43		32.43		0.403	32.823

4. Regional Delivery Strategy

(summary tables at front of document contain key points)

Delivery strand 1

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

There will be a mid term review of the RDPE in 2010 which is a European Commission programme requirement. At that time there will be a new uplands reward scheme (uplands ELS) to replace the existing Hill Farm Allowance Scheme (HFA) (which is administered by the Rural Payments Agency) which is due to end at the end of 2009. The aim is to better support land management in 'less favoured areas' through appropriate environmental management practices.

Additionally, the energy crops scheme will provide support for growing Short Rotation Coppice (SRC) and Miscanthus. This is a nationally managed scheme available to every region. Defra has produced a series of on-line regional maps which illustrate the opportunities for growing these crops. These are designed to aid land managers in deciding the best siting for these crops.

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

The rationale for intervention under delivery strand 1 (axis 2) activity is based on the concept of market failure. Without intervention, the provision of non-market, public goods in particular the range of environmental goods such as biodiversity and landscape appearance will not occur. Agri-environment schemes also bring socio-economic benefits to the participating businesses and the wider rural economy. For some businesses, agri-environment schemes may form a major part of the viability of farm businesses and are a conscious economic choice. Recognising these wider benefits highlights the need for targeted advice, support and facilitation.

Delivery strand 2 – see summary table for intervention rationale

This strand will be delivered directly by *emda*. Whilst there may be a degree of commissioning of strategically-focussed larger scale activity, the intention is to focus primarily on applications directly from land-based business sectors, potentially available throughout the region. This delivery strand is to include proposals under the diversification measure shown under axis 3 in the table on page 22. There will be no specific geographic or sectoral targeting under this delivery strand, with the exception of the ring-fenced Axis 1 Voluntary Modulation receipts which has been allocated for the livestock industry. Support will be dependent upon quality, strategic fit, and potential impact of proposals, subject to rigorous assessment and to resources available. Guidance for potential applicants is available at www.emda.org.uk/rdpe.

The strand will not support the production of mainstream agricultural or horticultural products, nor will it support costs of compliance with regulations imposed at the national or European levels.

Proposed changes for second edition of RIP (2010): (refer to tables in section 3 for details of proposed funding).

Measure 121	Agricultural holding modernisation -small adjustment to reflect delivery experience to date.
122	Improving the economic value of forests The limiting eligibility criteria have resulted in a lack of applications under this measure. In light of this experience it is proposed to significantly reduce the allocation against this measure to 0.1m, and establish a regional fund of £1.0m to support forestry micro-enterprise, funded out of measure 123, 125 and measure 312. Because resource can not be moved across axes, approximately £1m has been redistributed from measure 122 to measure 123 and 125. Approximately half of the additional resource under these measures will be available for non forestry related projects.
123	Adding value to agricultural and forestry products. A slight increase is proposed to reflect demand under this measure, and delivery of forestry objectives.
124	Co-operation for the development of new products The limiting eligibility criteria have resulted in a lack of applications under this measure. However, co-operation projects can be supported under other (Axis 1) measures. In light of this experience it is proposed to reduce to zero the allocation against this measure and re-allocate against those measures in Axis 1 where demand has been shown to be strongest, and which would support co-operation projects.
125	Infrastructure related to the development and adaptation of agriculture and forestry Proposed increase from £6m to £8m reflects strong demand and potential under this measure, and the priority of water resource management activities across the region
311	Diversification into non-agricultural activities: The pattern of demand and take-up to date suggests that the original allocation against this measure was over-ambitious. Support under this measure remains

	<p>available either regionally or through Local Action Groups in areas where the LEADER Approach is operating (subject to the scale and nature of the project). The opportunity has been taken to re-allocate some of the funding originally allocated to this measure to measure 321, where it is proposed to establish a sizeable fund to support a number of pilot projects in new generation rural broadband. This will bring significant benefits to local farming and other land-based businesses, as well as the wider local business and rural community.</p> <p>In addition, £0.5m will be reallocated to measure 312 to support the regional delivery of a forestry micro-enterprise support programme. Regional support under measure 312 will be restricted to forestry activities only.</p>
321	<p>Basic services for the economy and rural population</p> <p>It is proposed to introduce this measure to accommodate the £403,000 available for the East Midlands under the EERP (as required by Government). The RIP review also provides the opportunity to establish a larger regional fund within this measure to support a number of aspirational rural broadband pilots, as referred to under measure 311 above. Proposals for this fund (which is subject to some modification to the national programme document being secured by Defra) will be drawn up during winter 2009/10.</p>

Consistency with Business Support Simplification Programme

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

The BSSP has agreed a broad definition of business support:

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

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

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

The new RDPE business support product entitled Rural Development Programme for England Business Support will now be used. In addition, all axis 1 measures and measures 311, 312 and 313 will be branded using Solutions for Business guidelines.

Proposals involving tourism/visitor economy developments

There is a broad programme of tourism development activity currently being delivered in the region via East Midlands Tourism (EMT), who work with a number of partners in the region including Destination Management Partnerships (DMPs), the sub regional tourism bodies. All applications involving tourism and the wider 'Visitor Economy' will need to be consistent with and complementary to these work programmes. Where appropriate, the

relevant DMP (if the development is at a local level) or EMT (if the development is of regional significance) will need to be consulted and their support sought for relevant proposals.

The first point of contact to understand strategic fit to tourism plans for the region should be www.eastmidlandstourism.com. This features the Strategic Plan for tourism in the region 2008 - 11 and the Tourism Investment Plans which identify opportunities and actions in relation to the physical infrastructure in the region. This includes accommodation, public realm, visitor attractions in their broadest sense (natural environment, historic built environment, leisure and sports facilities, cultural assets as well as the more obvious purpose built visitor attractions) and 'visitor hubs' such as points of entry, information centres and transport interchanges.

Support for Woodland under delivery strand 2

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

The woodland sector is characterised by small and micro businesses. There is a strong need to build capacity and encourage innovation in the processing sector, but the size of the enterprises usually precludes the large scale investment opportunities presented by RDPE. Additionally, to date under this Programme, the interest in capital grants under measure 122 has been limited, with 1 project going through to approval stage after nearly 2 years of delivery. This version of the RIP shows a move of approximately £1m from measure 122 into other Axis 1 measures and the setting up of a Micro Enterprise Grant scheme, administered by the Forestry Commission and *emda* drawing on resources from a combination of measures 122, 123, 125 and 312. This will be tailored towards small scale investment in forestry related businesses with an emphasis on woodfuel. The investments will be at a level more suited to the size of these businesses and the Forestry Commission will work to co-operate with the LAGs to avoid duplication. The same opportunities for forest businesses will remain under the rest of the programme and it is expected that larger projects will be dealt with by *emda* through standard *emda* processes.

Delivery strand 3 – see summary table for intervention rationale (LEADER Approach)

Summary of changes proposed for RIP2 (2010): refer to tables in section 3 for details of proposed funding

Measure 311	Diversification into non-agricultural activities Support under this measure remains available either regionally or through Local Action Groups in areas where the LEADER Approach is operating (subject to the scale and nature of the project). LEADER allocations have been updated to reflect the actual contracted totals.
312	Support for the creation and development of micro-enterprises Most of the funding under this measure is being delivered through Local Action Groups in those areas where the LEADER Approach is operating. LEADER allocations have been updated to reflect the actual contracted totals.
313 323 331 421 431	Most of the funding under these measures is being delivered through Local Action Groups in those areas where the LEADER Approach is operating. The modest increase proposed for the RIP2 reflects the combined actual totals which the LAGs are now contracted to deliver

Targeting under this strand has taken account of a range of selection criteria including evidence of need and economic disadvantage, with the relevant local partners playing a key role in developing plans and partnerships in relation to the LEADER approach, which is predominantly linked to this delivery strand. (see section 4.3 below for further detail on the LEADER approach).

Delivery Strand 4 - Skills Development

Summary of changes proposed for RIP2 (2010): refer to tables in section 3 for details of proposed funding.

Measure 111	Vocational training and information actions for persons engaged in the agricultural, food or forestry sectors. The allocation against this measure has been run as Delivery Strand 4, through the contract now awarded to Lantra for Landskills East Midlands for 2009-11. Demand has been strong, so an increase from £1.75m to £2.00m is proposed to this measure. In addition, it is proposed to allocate the extra EERP funding (£402,000 in the East Midlands) for dairy sector restructuring (as required by Government under EERP) to this measure to be used to support on-farm audits of animal health and welfare and nutrient management
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An element of RDPE axis 1 funds has been identified specifically to spend on ‘skills development’ for land based businesses, in support of all three programme delivery strands. *emda* has procured a third party supplier (Lantra) to deliver this element of the

programme. It is intended that this should be entirely complementary, and not overlap with, existing provision of 'mainstream' or generic business skills and other training already available to rural businesses. Building upon the approach developed under the SSFF in the region, *emda* has worked with the relevant partners to identify where 'gaps' exist and developed this element of the programme accordingly (see section 1.4 above). Full information on this aspect of the programme are available at <http://www.lantra.co.uk/businesses/england/east-midlands/landskillseastmidlands/>

4.1 Targeting Mechanisms

Delivery strand 1

Current priorities for the start of the RDPE period include:

- Maintaining and moving SSSIs to favourable or recovering condition and enhancing the environment around them
- Regional Biodiversity Action Plan priorities including biodiversity conservation areas
- Reversing the long term decline in farmland and woodland birds
- Supporting the development of green infrastructure through agri-environment schemes as informed by the Regional Assembly's green infrastructure work
- Maintaining and enhancing key landscape and historic environment assets
- Resource protection- in particular, activity to address diffuse phosphate pollution and sediment.

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

Delivery strand 2

Resources to support programme measures under **Delivery strand 2** are potentially available throughout the region. See delivery strategy for strand 2 (page 24).

The Axis 1 Voluntary Modulation receipts, totalling approximately £12.5m in the East Midlands has been ring fenced for the livestock industry in support of three identified objectives

- Raising the competitiveness of the industry
- Contributing to nutrient management
- Improving Animal Health and Welfare

Delivery of this aspect of money will follow where possible the methodology described on page 24. However, *emda* recognises that livestock industry sectors face significant challenges in light of issues such as Foot and Mouth, Blue Tongue, Avian influenza, increasing input costs and depressed output prices. *emda* will work closely with industry representatives and stakeholders throughout the programme period to ensure support is targeted based on need, is accessible to all sectors, and delivers lasting

benefits. More detail is available in the paper entitled 'Supporting Livestock sectors through the Rural Development Programme for England 2007-13, which describes the approach agreed by all RDAs for supporting the livestock sector through RDPE. That document is available at

http://www.eeda.org.uk/files/RDPE_Guidance_for_livestock_sector_final_15-6-2009.doc

Delivery strand 3 (LEADER Approach)

Targeting has taken account of less economically productive rural areas and other evidence of need, with the relevant local partners playing a key role in developing plans and partnerships in relation to the LEADER Approach, to deliver this strand. See delivery strategy for strand 3, and notes on LEADER approach in section 4.3.

4.2 Performance measurement, monitoring and evaluation

Indicators and targets

Performance is monitored at regional level by the Programme Management Group (PMG) and at national level by a Delivery Liaison Group (DLG) for each delivery partner (Natural England, Forestry Commission and the RDAs) and Defra. At national level, the RDAs meet regularly to review RDPE performance.

Evaluation

Defra have announced plans for a mid term evaluation of the Programme to commence in 2010.

4.3 Use of the LEADER approach

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

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

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

Selecting areas and groups

Selection of the LEADER areas in the East Midlands took place in two 'rounds', between January 2008 and January 2009, according to the required procedures and criteria. The procedures for selecting local action groups were, as required, open to all rural areas, with the same criteria applying across England at national level. Those criteria were:

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

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

Regional Fit Criteria

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

Two selection rounds were held and a selection panel met in January 2008 and January 2009. The panel comprised senior representatives of *emda*, Natural England and the Forestry Commission, and was attended by GO-EM on behalf of Defra.. The panel selected the following areas from the Local Development Strategies which were submitted:

Round 1 – announced in January 2008:

- Peak District Rural Action Zone
- Coastal Action Zone (Lincolnshire)
- Bolsover and North East Derbyshire
- Lindsey Action Zone (comprising the Lincolnshire Wolds AONB and surrounding market towns)

Round 2 – announced in January 2009:

- Wash Fens (South Lincolnshire)
- North Northamptonshire
- Bassetlaw/Newark & Sherwood (North Nottinghamshire)

Full details of all these LEADER areas, their Local Action Groups, investment priorities and operations (including links to their individual websites), can be found at <http://www.emda.org.uk/rdpe/newleader.asp?nav=08&snav=0802>

See measures shaded in grey in table on page 22 for the primary focus of the LEADER approach in the East Midlands. Local groups are also encouraged to stimulate and/or facilitate activity in their areas in support of the objectives of the remaining measures and axes, including through integration of and adding value to other local funding streams and activities.

4.4 Delivery Across Programme Strands, Axes and Measures

(See also above with regard to LEADER approach)

A number of studies have demonstrated the socio-economic benefits of agri-environment spending in areas such as farm business viability, employment, supporting tourism, maintaining rural crafts and wider economic development.² This supports the benefits to be obtained by maximising integration across the delivery strands to be addressed by the programme

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

With regard to delivery of strands 2 and 3, *emda* will ensure that there is liaison and consultation, where appropriate, with NE and/or FC representatives in the early stages of project development (most likely at or before 'Expression of Interest' stage) in order to maximise integration and environmental benefits from projects supported. A consultation protocol has been developed to ensure that relevant partners and agencies are made aware of emerging proposals and approved projects in order to ensure synergy.

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

In areas where the LEADER approach is used, such integration will need to be a key part of the delivery of locally developed 'packages' of activity which should span all

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

RDPE objectives and, most likely, beyond RDPE in terms of resources and other input. See above for more detail on the LEADER approach.

There is a strong desire in the region to achieve as much synergy as possible both across the axes of the RDPE and between the RDPE and other relevant activities and funding streams at regional and sub-regional level. The National RDPE Network also provides an important means of sharing good practice beyond the region.

4.5 Other Regional Funding Sources

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

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

The RDPE delivery partners will seek to optimise integration and to avoid overlap or confusion for potential beneficiaries.

4.6 Regional Communications

The programme is being promoted to individuals, businesses and communities via the delivery partners, appropriate media and through intermediary bodies such as East Midlands Business Link, local authorities, and rural organisations and networks such as EMRAF. The National RDPE Network also provides a valuable communication route at national level and beyond.

<http://www.rdpnetwork.org.uk/>

4.7 Ensuring Equality and Diversity

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

4.8: Coordination with other EU funding

Clarification is being sought with the EU regarding demarcation between axis 1 and 3 of RDPE and the Fruit & Vegetable Producers Organisation scheme. As soon as this is available, details will be added to the emda web page at www.emda.org.uk/rdpe

The text and information below is taken from Section 7 of the East Midlands Operational Programme for the ERDF 2007-13. This is reproduced below and sets out the relationship between RDPE (funded through the EAFRD) and other European funding.

See <http://www.eastmidlandserdf.org.uk/main/strategy.aspx>

The Structural Funds Regulations require that there should be complementarity and consistency between interventions financed by European Funds. In order to ensure that these funds are channelled and used in an optimum way to promote sustainable development, Member States and the Commission should coordinate to enhance complementarities and synergies between various strands of Community and other co-financing mechanisms, such as cohesion policy, rural development, LIFE+, research and development (RTD), the Competitiveness and Innovation Programme (CIP), and the European Fisheries Fund (EFF).

The following table summarises the priorities for the different European funding streams available in rural areas in England over the 2007-2013 Programming period.

ERDF	EAFRD	ESF	EFF
<p>To promote innovation and knowledge transfer.</p> <p>To stimulate enterprise and support successful business.</p> <p>To ensure sustainable development, production and consumption.</p> <p>To build sustainable communities.</p>	<p>To build profitable, innovative and competitive farming, food and forestry sectors that meet the needs of consumers and make a net positive contribution to the environment.</p> <p>To improve the environment and countryside.</p> <p>To enhance opportunity in rural areas in a way that harnesses and builds upon environmental quality.</p> <p>To mobilise the development potential of rural areas in a way that stimulates innovation to the benefit of the local area.</p>	<p>Extending employment opportunities by tackling barriers to work faced by people who are unemployed or disadvantaged in the labour market.</p> <p>Developing a skilled and adaptable workforce by training people who lack basic skills and good qualifications.</p>	<p>To provide a long-term sustainable future for the fishing industry through promoting investment in innovation and technology.</p> <p>To promote environmental best practice in the fisheries sector.</p> <p>To tackle social exclusion and promote long-term prosperity in communities traditionally dependent on the fishing industry where this support cannot be provided elsewhere.</p>

7.1 European Social Fund

The ESF element of the Competitiveness and Employment Programme will be administered through a national programme (albeit delivered and strategically managed

in the region). The national ESF Operational Programme aims to contribute to sustainable economic growth and social inclusion by extending employment opportunity and by developing a skilled and adaptable workforce. The ESF OP sets out national priorities for spending ESF and each region will develop its own strategy for addressing regional, sub-regional and local needs. The East Midlands Employment, Skills and Productivity Partnership (esp) is leading the development of a Regional ESF Framework which, along with the national ESF OP, will provide a framework for Co-Financing Organisations to develop detailed ESF delivery plans.

The ESF OP contains two operational priorities for England:

- Priority 1 - Extending employment opportunities; and
- Priority 2 - Developing a skilled and adaptable workforce.

Priority 1 will improve the employability and skills of unemployed and inactive people and tackle barriers to work faced by people with disabilities or health conditions, lone parents, people over 50, ethnic minorities, young people, people with no or low qualifications, and other disadvantaged groups including those experiencing multiple disadvantage and will complement the region's ERDF programme by providing individuals with support and training to access new opportunities.

Priority 2 of the ESF programme, will improve the qualification and skills of people without basic skills and with no or low qualifications. It will also develop managers and workers in small enterprises including training and development in leadership, management, enterprise and technical skills needed for business development, business growth, innovation and productivity. These actions will complement activities under both EMOP Priority Axes, providing the necessary support to individuals to access new employment opportunities and by supporting the development of managers' and workers' knowledge base.

There will need to be a close relationship between employment and skills support, the skills needs and demands of employers and the spatial pattern of employment creation and business support activity. The East Midlands esp Partnership will be well placed to advise on and identify appropriate synergies between the ERDF and ESF programmes given its dual remit with regards employment and skills, and productivity; and its involvement in the development of both the EMOP and the Regional ESF Framework.

In July 2007 the potential Co-Financing Organisations for the ESF programme in the region met with those working on the ERDF Operational Programme and Investment Framework to consider how best to ensure alignment in the design and implementation of the funds. A number of practical actions to tackle this were agreed, including:

- Continued, close collaboration between those organisations responsible for programme drafting and implementation;
- ESF partners have nominated suitably knowledgeable representatives to participate on the ERDF Priority Axis Groups to ensure effective linkages between the Programmes; and
- Project selection criteria – ERDF and ESF partners to ensure that applicant organisations demonstrate cross-agenda understanding and linkages – this to be reflected in tender and contracting documentation.

7.2 European Agricultural Fund for Rural Development (EAFRD) and the European Fisheries Fund (EFF)

The UK National Strategic Reference Framework for the EU Structural Funds from 2007 to 2013 (NSRF) states that:

- EAFRD funding should be focussed on supporting diversification of rural economies at the local level. This would include interventions in agriculture, including supporting innovative farm diversification and woodland enterprises. More widely, it would also include enabling growth of existing micro-enterprises and encouraging start-ups, and improving skills and employment opportunities for those individuals in the rural workforce on low pay where this support cannot be provided elsewhere.
- Structural Funds would then primarily address rural issues as part of wider regional and sub-regional activity contributing to improved regional economic performance or as part of national employment and skills programmes. This would include interventions that help to develop the knowledge based economy at a strategic level, enable small and medium sized enterprises to become more competitive and more efficient in their use of natural resources, building sustainable communities, and increasing employment by breaking down barriers to work and increasing skill levels for all.
- The European Fisheries Fund will support the overall aim for fisheries management in the UK, which is to achieve a fishing sector that is sustainable, profitable and supports strong local communities, managed effectively as an integral part of coherent policies for the marine environment. It will focus on providing a long-term sustainable future for the fishing industry through promoting investment in innovation and technology, ensuring environmental best practice, developing efficient supply chains with strong links between fishermen, growers, processors and customers and improving port infrastructure and operations. It will also help to tackle social exclusion and promote long-term prosperity in communities traditionally dependent on the fishing industry where this support cannot be provided elsewhere.

The table below sets out the complementarity and demarcation between the specific areas of activity proposed under the ERDF, EAFRD and EFF in the East Midlands.

Potential areas of synergy	EAFRD focus	ERDF focus	EFF focus
Activity proposed under EAFRD Axis 1 (which aims to make agriculture more competitive and sustainable), possible activity under EFF and the objective for ERDF	EAFRD support will primarily be in the form of contributions towards the cost of capital works and equipment (and directly associated professional fees) to businesses involved	ERDF will focus on increasing the level of commercialisation of innovation in SMEs and priority sectors which have the potential for significant growth. This will include	EFF may provide support for the processing and marketing of fisheries and aquaculture products for enterprises up to 750 employees or a

<p>Priority Axis 1 (which seeks to raise productivity through innovation, diversification and the embedding of sustainable business practice).</p>	<p>in the production, processing and marketing of agricultural (Annex 1) products. Limited provision has been made for 'intensive' business support for producers seeking to collaborate or co-operate in the development of new products.</p>	<p>increasing the frequency and value of business/ university interactions, and the development of new products, processes, technologies and markets. Support to the Food and Drink key sector will primarily be in the form of 'specialist' <i>Information, Diagnostic and Brokerage</i> (IDB) services. 'Intensive' services will not be supported and ERDF will not support primary agriculture or aquaculture production.</p>	<p>turnover of 200m€ and investment support for aquaculture. Boston, Lincolnshire is the only EFF eligible area in the East Midlands.</p> <p>(Please note - this is subject to the finalisation of the EFF Operational Programme during 2008).</p>
<p>The activity under EAFRD Axis 3 which concentrates on diversification into non-agricultural activities also has some synergies with activity under ERDF Priority Axis 1. Although the line of demarcation between the Programmes for this activity is clear, it will be important to ensure that EAFRD and ERDF activity complements each other in this respect.</p>	<p>EAFRD support will primarily be in the form of contributions towards the cost of capital works (and directly associated professional fees) to assist diversification into non-agricultural activity. The 'beneficiary' of this particular measure must be a member of a farming household.</p>	<p>ERDF programme will focus on increasing the rate and level of innovation to increase business competitiveness, to support diversification and improve resource efficiency through developing and exploiting new products, processes, technologies and markets. ERDF will not support diversification of agriculture and aquaculture activities into non-agricultural activity.</p>	<p>N/A</p>
<p>EAFRD Axis 2 activity focuses on enhancing the environment and countryside (through agricultural and forestry payments) and is not therefore eligible for support from ERDF as it does not contribute to</p>			<p>N/A</p>

the aims and objectives of the EMOP. There will be no scope for overlap between activities here.	
Delivery of EAFRD Axis 3 measures in the East Midlands (with the exception of support for diversification into non-agricultural activities as above) will be delivered solely through the 'LEADER Approach'. Demarcation at programme level is therefore not required. However, prospective projects will be required to confirm that there is no duplication of activity with other programmes at the local level. This will also be supported by appropriate control measures and administrative processes to ensure that double funding does not occur.	Prospective projects will be required to confirm that there is no duplication of activity with other programmes at the local level.

Even with substantial national co-financing, including a significant contribution from voluntary modulation, it is clear that the socio-economic elements of EAFRD will be much smaller than the European Regional Development Fund in England. Interventions under the ERDF Programmes will therefore generally be much larger in scale than any interventions under EAFRD.

Demarcation with EFF could be revised if the need arises following the approval of the EFF Operational Programme, associated annexes and activities at regional level.

7.2.1 Strategic and administrative arrangements to ensure on-going complementarity and coordination

To ensure the arrangements work coherently across the various EU funding streams, Central Government has aligned delivery of ERDF and EAFRD more closely through the Regional Development Agencies (RDAs). For rural development funding, socio-economic support under Axes 1 and 3 will be delivered through RDAs. ERDF funding will be more closely aligned to the RDAs' Single Programme budget and the role of RDAs in planning and managing any ERDF funding aligned with domestic funding will be increased. Under EFF, the RDAs will have a key role in helping to facilitate project development under the programme to improve its ability to deliver local strategic priorities.

By bringing together essential elements of delivery for ERDF and EAFRD (and providing greater links to EFF), greater coherence in their day to day operation can be achieved. It will also ensure that there is a greater focus for all instruments in contributing to shared regional goals, in particular those set out in the Regional Economic Strategies. The Managing Authority for the England programme (DCLG) will be responsible for ensuring that these coordination mechanisms provide the required complementarity, and will report on the functioning of these arrangements in the annual progress report to the European Commission.

emda will ensure coherence in the day to day management of the socio-economic support under EAFRD and ERDF. *emda* will ensure that work carried out at the regional level under the two funds is complementary and robust project development and selection processes will ensure that any duplication is avoided. Administrative arrangements are in place to ensure complementarity and co-ordination, for example, common secretariats, exchange of personnel on regional management committees and

exchange of information from databases. *emda* will also be required to work closely with the 'LEADER' groups to ensure demarcation on the ground.

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

In addition, the EFF will allow support for the processing and marketing of fishery and aquaculture products (although it is unlikely that this activity will duplicate anything to be funded through the ERDF Competitiveness Programme). *emda*, in close collaboration with the Marine and Fisheries Agency (MFA) and the East of England Development Agency (EEDA), will identify a process to ensure that duplication and double funding is avoided.

7.3 Framework Programme 7 (FP7) and Competitiveness and Innovation Programme (CIP)

There are some clear synergies between the R&D and innovation related aspirations of the FP7 and CIP Programmes and the EMOP's Priority Axis 1 in particular. The region's experience of participation in previous Framework Programmes has provided some valuable lessons about the necessary capabilities and capacities of SMEs in order to add value to, and effectively and successfully participate in R&D and innovative projects. It is therefore anticipated that many of the SMEs which participate in the ERDF Programme (and particularly in Priority Axis 1 activity) could be potential candidates to progress on to successful participation in FP7 and CIP projects. It will be important to ensure that the linkages through to these opportunities are well publicised and communicated.

7.4 Territorial Cooperation

The East Midlands will be eligible to access Cooperation funding from two geographical programme areas – the North Sea Region (NSR) and North West Europe (NWE). Both the NSR and NWE Programmes have been developed in support of the Lisbon and Gothenburg agendas, and it will be essential to ensure that the lessons and best practice emerging from regional stakeholders' participation in these Programmes is mainstreamed, where appropriate, into the ERDF Competitiveness Programme.

7.4.1 North West Europe

The NWE Programme will focus on developing the knowledge-based economy by capitalising the capacity for innovation; the sustainable management of natural resources and natural and technological risks; improving connectivity by promoting intelligent and sustainable transport and ICT solutions; and promoting strong and prosperous communities at transnational level.

The priorities of the NWE Programme are clearly complementary to the EMOP strategy; however, the type of activity under the NWE Programme will differ from the region's

Competitiveness Programme and will concentrate largely on small scale investments and feasibility studies (where these can be linked to concrete actions). Projects will require transnational partners and the project themes will need to be of such a nature that they cannot be sufficiently tackled by Member States or regions alone, and would therefore not be covered by the remit of the EMOP.

7.4.2 North Sea Region

The NSR Programme will prioritise building innovation capacity; promoting the sustainable use of the environment; improving accessibility; and promoting sustainable and competitive communities, all of which have synergy with the EMOP.

In previous Cooperation Programmes activity has focused primarily on developing transnational networks and exchanging experience, however, the new Cooperation Programme will seek to extend activity to developing action plans, undertaking benchmarking, piloting actions, conducting studies, considering concrete problem solving and creating tools for policy influence and critical mass. Where regional stakeholders participate in transnational cooperation activity, it will be important to ensure that relevant linkages are made to the ERDF Competitiveness Programme.

Annex 2: Regional Governance arrangements

1. Regional Programme Management Group (PMG).

There will be six meetings per annum of the Programme Management Group. The group will consist of representatives from *emda*, the Forestry Commission and Natural England. GOEM will attend as observers. In addition, a member of the ERDF team will be asked to join the group for at least three out of the six annual meetings to provide an opportunity to exchange information between the two programmes. *emda* will chair and minute these meetings. This group represents the continuation of the core Regional Implementation Plan delivery group. It will meet for the first time as a PMG not later than two months after the formal launch of the programme.

This group will allow delivery partners to discuss progress against all aspects of programme delivery, to share information and ideas. In addition, questions relevant to all three delivery partners can be agreed and asked of national colleagues. The PMG will also have standing agenda items relating to information to take to the consultative group meeting, and to discuss responses / questions raised from the consultative group.

Regional Consultation Group Terms of Reference:-

- The Regional Implementation Plan (RIP) sets out the principles, priorities and delivery arrangements which have been agreed by partners to deliver the Rural Development Programme for England (RDPE) 2007-2013 within the East Midlands. The Regional Consultation Group will be guided by this document.
- The purpose of the Regional Consultation Group is to;
 1. feedback comments and suggestions on the programme that will be considered by the Regional Programme Management Group,
 2. to allow Natural England, *emda* and the Forestry Commission, as programme delivery bodies, to provide an update on progress,
 3. to consider the effectiveness and customer satisfaction of the implementation of the programme.
- The Regional Consultation Group will provide a regional forum for information dissemination and idea sharing on specific RDPE issues.
- Links will be established between Programme Management Group and National Programme Board so that any issues from Regional Consultation Group can be raised at national level as appropriate.
- The Regional Consultation Group relationship to any National Rural Network will be determined.
- The Regional Consultation Group shall consist of representatives of organisations with an interest in the East Midlands regional delivery of the Rural Delivery Programme for England. A list of members is attached as Annex 1 to maintain a regional cross section representation along similar lines to the national consultation group
- The membership of the Regional Consultation Group may change over the lifetime of the Programme with additional members being subject to approval by the Regional Programme Management Group
- The EMRAF chair shall be the Chair of the Regional Consultation Group except if the EMRAF Chair is employed by one of the three delivery partners when alternative arrangements shall be considered to ensure impartiality.

- The Regional Consultation Group will meet three times each year
- 1 of the 3 annual meetings will focus on LEADER, with all Local Action Groups present. Otherwise 1 LAG to attend on behalf of all.
- *emda* will take the minutes and the Programme Management Group will provide the draft agenda for approval by the Chair of the Regional Consultation Group.
- EMRAF will be responsible for the circulation of the invitation, agenda and associated papers.
- Recommendations and prevailing opinions will be arrived at by a process of consensus.

All these arrangements will be subject to ongoing review and adjustment as deemed necessary. It is intended that the group will continue until December 2013.

Papers and presentations presented to the RCG, including programme delivery reports, can be found at

http://www.ruralaffairs.org.uk/extra_list.php?filter=RDPE+Regional+Consultation+Group

RCG attendance list

CLA

NFU

NE

emda

FC

GOEM

East Midlands Environment Link (EMEL)

National Trust

FWAG

Peak District National Park

Lincs Wolds AONB

English Heritage

A representative of regional parks (initially River Nene)

Local Authority economic development representative

Leicestershire Rural Partnership (or equivalent – 1 place)

EBLEX

EMB/Business Link East Midlands

TFA (Tenant Farmers Association)

British Institute for Agricultural Consultants

EA (Environment Agency)

ERDF representative (*emda*)

Local Action Groups – 1 representative

National Forest

Chair of the SSFF Land Management Group

An EMAN rep (for RCC network)

