

DEPARTMENT FOR THE ENVIRONMENT,
FOOD AND RURAL AFFAIRS

EX-ANTE EVALUATION OF THE EAFRD-FUNDED
RURAL DEVELOPMENT PROGRAMME FOR ENGLAND
2007-13

FINAL REPORT

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Management and Economics Consultants

in association with

The Rural Development Company

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0 EXECUTIVE SUMMARY

In December 2005, Fraser Associates, in association with the Rural Development Company was commissioned to carry out an ex-ante evaluation of the Rural Development Programme for England 2007-13 (RDPE), together with its associated National Strategy Plan (NSP). Ex-ante evaluation of the RDPE is a requirement under Regulations. Although this obligation does not extend to the NSP, Defra wished its preparation to be brought within the same process. In February 2006, our assignment was extended to include the Strategic Environmental Assessment (SEA) of the RDPE following clarification from the Commission. This document is the Final Report on the ex-ante evaluation.

The purpose of ex-ante evaluation is to help improve programming quality. The process has involved the review of drafts of the NSP and RDPE on a rolling basis with feedback being provided to Defra concerning areas that require strengthening. While carried out primarily to support those preparing Programme Documents, ex-ante evaluation is an independent exercise undertaken impartially in the Community interest. The Ex-ante Evaluation Final Report accompanies draft Programme Documents and is one of several factors informing negotiation of Programmes.

The National Strategy Plan

The NSP was a programming innovation for the 2007-13 period. The NSP is intended to summarise the high level strategy for the Programme and its consistency with the EU and national policy context. Commission Guidance proposed the following structure:

- Baseline Analysis of the Economic, Social and Environmental Situation in the UK and Setting of the Baseline Indicators
- Overall Strategy, Translation of Community Priorities and Setting of National Priorities.
- Strategy Per Axis, Including Quantified Targets and Objectives and Indicators to be Used.
- RDPs and Their Indicative Allocation, Including Convergence Amounts.
- Internal and External Consistency of the National Strategy Plan, Complementarity with other Community Funding Instruments.
- Amount and Set-up for the National Rural Network

There were clear tensions in the requirements set out in the Commission's Guidance, notably between the 20 page limit on the length of the Document and the level and depth of data which would in practice be necessary to draw out the strategic aspects. Supplementary guidance was subsequently provided to Defra on an informal basis in consultation with the Commission.

The UK NSP and its England Annex were developed between December 2005 and November 2006 and the ex-ante evaluators reviewed several iterations. Following the Consultation, the thematic approach in the Consultation Draft was dropped in favour of the structure of Axes identified in the Rural Development Regulation.

The submission drafts were last reviewed by the ex-ante evaluators in November 2006. At that time the evaluators acknowledged significant progress over earlier drafts and that the documents were in many respects fit-for-purpose. However, three remaining substantive issues were identified:

- weak and inconsistent referencing of evidence; addressing this issue would significantly strengthen the baseline position and the interpretation which flows from it.
- the absence of a well justified argument for the distinctive proposals as regards financial weighting; this was a critical weakness in the judgement of the evaluators.
- the strategy remained to be quantified; this would be possible following clarification of the resourcing of the RDPE.

The Rural Development Programme For England

A complete draft of the Programme Document for the Rural Development Programme for England 2007-13 has now been assembled. In the judgement of the evaluators, the document contains the elements prescribed in the Implementing Regulation and represents a viable basis upon which to commence negotiations.

There are a number of strengths to the draft Programme Document and its process of preparation. We would highlight in particular:

- it is well grounded in the relevant EU and UK policy contexts, although this could be more effectively demonstrated.
- it contains a clear and bold strategy involving a primary focus on the generation of environmental public goods.
- a plausible rationale is advanced for the radical distribution of resources across the Programme which takes account of other domestic funding streams, although the justification of this could be strengthened further.
- although not identified explicitly in the Programme Document, in the judgement of the evaluators, the Programme offers considerable Community Added Value.
- there has been a good level of partnership with key stakeholders and regional interests that has influenced the form of the Programme Document, although wider consultation is presently underway.
- there has been a substantive and participative SEA process.

The evidence base has significantly improved since the first draft, but would benefit from fuller analysis of trends and regional analysis. There remains insufficient discussion of the equal opportunities agenda. Notwithstanding these caveats, in the judgement of the evaluators, the analysis of the Performance of the Agricultural, Forestry and Food Sectors and Environment and Land Management provide a plausible portrayal of these dimensions of rural England. By comparison, the General analysis and those on Quality of Life and the Leader approach are weaker, although the diversity of circumstances across rural England is better reflected than before.

The analysis of Strengths and Weaknesses linked to Needs and Potential for Rural Development is, in the judgement of the evaluators, a relatively weak instrument for synthesising and drawing strategic conclusions from the evidence base compared with a formal SWOT analysis.

The Strategy now provides a reasonable qualitative picture of what Defra wishes to achieve with the Programme although the clarity of the presentation is compromised by the author's perception of the Implementing Regulation as a rigid template. In the judgement of the evaluators, it is quite well grounded in the evidence base, but there remains considerable scope to strengthen the links between the available evidence and the rationales for the Axes. A notable omission is a conventional hierarchy of

Global and Specific Objectives, although the latter appear to be implied in what Defra identifies as "priorities".

A plausible explanation is provided for the radical allocation of resources although there is scope for strengthening this through further quantification of the funding for those mainstream initiatives that Defra argues will fund actions that might otherwise have been supported under Axes I and III. The evaluators are less confident than Defra that agricultural diversification, other rural development and quality of life actions will be a high priority for mainstream regional development resources, and, accordingly, would have been unsurprised were there a larger allocation to Axes I and III, greater targeting of disadvantaged rural areas, possibly on the basis of Defra's PSA Target 4, and broader application of the Leader approach than appears to be envisaged.

The Measure texts are substantially developed and mainly require detailing around important issues:

- strengthening of the rationale texts in the light of previous experience and to better connect with Axis rationales and objectives.
- the refinement of the objectives in line with SMART principles.
- better integration of equal opportunities and environmental sustainability, where appropriate.
- better integration of the Leader approach, where appropriate.
- addressing remaining gaps in indicators and targets.

The resource allocation within the financial tables is consistent with the argument advanced in Chapter 3 of the RDPE. Following revision and explanation, we find the Tables to be internally consistent.

The system of indicators proposed appears capable of capturing most of the important economic and environmental outcomes that are likely to accrue to the Programme. The evaluators are reasonably satisfied with the realism of output targets where these are set. However, in the judgement of the evaluators, considerable further development is required to produce robust targets for many results and indicators. Proper, absolute targets should be set where there is a reasonable basis for doing so.

Reflecting the relatively small allocation of resources and the nature of the interventions, Axes I and III will produce modest environmental and economic benefits and limited social benefits. The large scale of resources deployed under Axis II means that the economic impact will be significant. However, this will be skewed towards enhanced farm incomes rather than employment creation. Employment effects are likely to be temporary unless revenue streams are identified to sustain environmental management activities beyond the life of the Programme. Axis II is likely to produce significant environmental impacts, but there is at present no substantive body of evidence linking inputs and impacts that can be used to quantify this or the value for money represented.

For the most part, the proposals on implementation arrangements require minor refinement. In the judgement of the evaluators, the key areas requiring further development are the Chapters on complementarity with other Community Funds, the arrangements for monitoring and evaluation and a more comprehensive representation of equal opportunities issues.

The evaluators believe that most of the shortcomings identified can be addressed fairly easily given time and a resolve to work through the issues thoroughly. Appreciating the need to submit the Programme Document imminently, we recommend that the Partners continue to work on the areas highlighted ahead of negotiations.

The Strategic Environmental Assessment

The SEA is similarly intended to improve programming quality and to ensure that the environmental implications of the Programme are fully taken into account.

SEA methodology has been developed for use in the context of plans which have a strong land-use planning component and where it is possible to clearly identify the environmental resources involved, such as land for the construction of a given number of houses or for an industrial estate, and then to assess the environmental implications of a different range of locations for the developments. Large scale plans involving revenue actions and where the location of their application is unclear at the outset are a very different proposition.

The methodology applied to the RDPE has endeavoured to take this very different context into account. In doing so, it has sought to draw lessons from the recent application of SEA methodology to Regional Economic Strategies. The approach appears to have preserved much of the structure and spirit of conventional SEA, involving:

- preparation of an environmental baseline.
- production of a Scoping Report and consulting with competent environmental authorities.
- preparation of an Environmental Report and consulting on it.

In addition, a Steering Group has been formed to guide the work involving a cross section of environmental interests including English Nature, Environment Agency, English Heritage and the Countryside Agency; Natural England was a Member latterly.

The assessment of environmental consequences is almost exclusively based upon qualitative judgement and the environmental specialists note that the absence of a systematic and quantified body of evidence on the relationship between actions of a given scale and environmental outcomes had been a significant impediment in preparing the SEA. This also represents a significant challenge to the development of the Programme in terms of demonstrating the value for money that the proposed interventions represent.

At the time of the production of the Final Report on the ex-ante evaluation, a formal consultation on the Environmental Report and the draft Programme Document is under way. The Environmental Report is annexed to the ex-ante evaluation Final Report. The Environmental Report will be amended and an Environmental Statement will be produced taking account of the consultation responses. The responses may also lead to refinement of the Programme Document.

The ex-ante evaluators conclude that the approach to evolving SEA methodology to a large scale Programme like the RDPE is sound. The involvement of competent environmental authorities on its Steering Group has been beneficial in ensuring its wide acceptance. Some further regional analysis of environmental phenomena and

the potential incidence of effects may have been beneficial. Nevertheless, within the limits of the available information, the Environmental Report produced appears to be of a good standard and to provide a fair indication of the type and relative significance of the potential environmental consequences arising from implementation of the RDPE.

1 INTRODUCTION

1.1 General

In December 2005, Fraser Associates, in association with the Rural Development Company was commissioned to carry out an ex-ante evaluation of the Rural Development Programme for England 2007-13 (RDPE), together with its associated National Strategy Plan (NSP). Ex-ante evaluation of the RDPE is a requirement under Regulations. Although this obligation does not extend to the NSP, Defra wished its preparation to be brought within the same process. In February 2006, our assignment was extended to include the Strategic Environmental Assessment (SEA) of the RDPE following clarification from the Commission. This document is the Final Report on the ex-ante evaluation.

1.2 Context of the Ex-ante Evaluation

The Rural Development Regulation for the 2007-13 perspective takes into account the progressive reform of Community Support for agriculture and rural development and the general Treaty objectives for economic and social cohesion policy, in particular the competitiveness and sustainable development priorities arising from the conclusions of the Lisbon and Gothenburg European Councils. A further factor implicit in this wider context is the enlargement of the EU in 2004 and 2007.

The Rural Development Regulation provides for the creation of a European Agricultural Fund for Rural Development to support a more integrated approach to managing the adjustment of the agricultural sector and rural development. This integrated approach to rural development will be complemented by reformed EU Structural Fund support and national initiatives.

Over the next seven years, England will receive some £2.2bn in EAFRD support towards a £3.9bn Programme of actions in the country's rural areas.

Deployment of the EAFRD in 2007-13 is intended to be closely aligned with Community and National policies relating to rural development and taking account of reform in Community support for agriculture:

- the scope of eligible actions set out in **the Rural Development Regulation**.
- the **Community Strategic Guidelines** (CSGs) which highlight the policy priorities agreed between the Member States for 2007-13.
- the **National Strategy Plan** (NSP) which is intended to interpret the CSGs in the context of UK policy and circumstances.

The production of the NSP and RDPE differs from most Programme development exercises insofar as the Regulation sets out a fixed framework of Axes and Measures. In these circumstances the process of strategy development becomes simplified to:

- interpreting the relevance of the set Axes and Measures in the England context.
- determining the appropriate distribution of resources across the Axes and Measures.

1.3 The Purpose of Ex-ante Evaluation

The commissioning of ex-ante evaluation is a responsibility of the Member States. While carried out primarily to support those preparing Programme Documents, ex-ante evaluation is an independent exercise undertaken impartially in the Community interest. The Ex-ante Evaluation Final Report accompanies draft Programme Documents and is one of several factors informing negotiation of Programmes.

The purpose of ex-ante evaluation is to help improve programming quality. The evaluation is required to provide an answer to broad questions, including:

- does the Programme represent an appropriate strategy to meet the challenges confronting England's rural areas?
- is the strategy well defined with clear objectives and can those objectives be realistically achieved with the financial resources allocated to the different Axes?
- is the strategy coherent with policies at national (including the NSP) and Community level?
- are appropriate indicators identified for the objectives and can the indicators and their targets form the basis for future monitoring and evaluation of performance?
- what will be the likely impacts of the strategy?
- are implementation systems appropriate to deliver the objectives of the Programme?

1.4 The Ex-ante Evaluation Process

The approach to the ex-ante evaluation draws upon various guidance prepared by the European Commission and the evaluators' experience in some 14 previous ex-ante evaluations and pre-contract dialogue between the evaluators and Defra.

The process of ex-ante evaluation has involved the review of the NSP and Programme Documents on a rolling basis with feedback being provided to Defra concerning areas that require strengthening.

Our approach starts from an appreciation of the need for the ex-ante evaluation to be seen to be impartial and independent of the Programme development. This principle accepted, our approach thereafter is intended to be supportive of those engaged in Programme development, to help ensure that the Draft Programme has anticipated most of the questions that the Commission will have prepared. To this extent, over the course of the ex-ante evaluation, Fraser Associates has provided guidance to Defra reflecting good practice in strategy development and Programme drafting, including:

- briefing for the Programme drafting team on the structuring and interrelationship between Programme elements.
- preparation of an ex-ante evaluation method statement outlining the issues that the evaluators would be looking for in reviewing draft material.
- preparation of a Guidance Note on organising for Programme development.
- preparation of a Guidance Note on experience from past Programmes.
- preparation of a Guidance Note on preparing the evidence base.
- preparation of a Guidance Note and a workshop on the use of SWOT analysis.

- various detailed recommendations provided as part of feedback on reviews of draft material.

This guidance and the principles contained is only reflected in the Documents produced to a limited extent. Defra has given precedence to the Implementing Regulation more recently provided by DG Agri which sets out requirements on minimum content for the NSP and Programme Document. Although intended to be indicative, the drafting team has perceived the Implementing Regulation as a rigid template, notwithstanding the evaluators' advice on its limitations in terms of logical flow, completeness, and consistency with other guidance.

In the course of their drafting, the ex-ante evaluators have reviewed:

- an initial Consultation Strategy.
- 3 iterations of the UK NSP.
- 4 iterations of its England Chapter.
- 3 iterations of the Rural Development Programme for England.
- the Scoping Report and the consultation draft of the Environmental Report relating to the Strategic Environmental Assessment of the Programme.

1.5 Perspectives on the Implementation of the Ex-ante Evaluation

The client for the ex-ante evaluation has been the Rural Development Programme England Division at Defra headquarters in London. The evaluators have held regular meetings and undertaken other informal dialogue over the 18 months of the contract with Jill Wordley, Head of Division, John Allsopp, Contract Manager and other colleagues.

Our dialogue with the client has been cordial and constructive at all times, notwithstanding various challenges over what has been a lengthy exercise:

- senior personnel who had been involved in commissioning the ex-ante evaluation were reassigned immediately following the evaluators' appointment.
- staff of the RDPE Division had limited previous experience of developing EU Programmes and of working with ex-ante evaluators.
- changes to the Programming culture for 2007-13 involved a number of significant innovations, such as the NSP and SEA.
- the work has taken place against a background of re-organisation of the Department, re-assignment of Ministers and changes among Defra's interlocutors at the European Commission.

The preparation of the NSP and RDPE has differed from our regular experience insofar as, for most of the period, there has been no formal Programme drafting team. Instead, an RDPE Division has sought to bring together contributions from different parts of Defra. This meant that the evaluators have had less engagement with those actually drafting the documents than normal. The evaluators have from time-to-time highlighted the need for greater capacity to undertake the demanding work of Programme development and, to some extent, there has been a positive response to this with the secondment of staff to RDPE Division from other agencies since Autumn 2006.

1.6 Structure of the Ex-ante Evaluation Final Report

Following this Introduction, the Ex-ante Evaluation Final Report comprises three further Chapters covering:

- Ex-ante Evaluation of the National Strategy Plan for the UK and England 2007-13.
- Ex-ante Evaluation of the Rural Development Programme for England 2007-13.
- Ex-ante Evaluation of the Strategic Environmental Assessment of the RDPE 2007-13.

In addition, the SEA consultation draft Environmental Report is presented as Annex I.

2 EX-ANTE EVALUATION OF THE NATIONAL STRATEGY PLAN

2.1 General

Defra has had responsibility for the production of an overall National Strategy Plan covering England and the devolved countries of the UK. In addition, Defra has produced the England Annex to the UK NSP whereas the country Annexes for Wales, Scotland and Northern Ireland have been produced by their devolved administrations.

The NSP was a programming innovation for the 2007-13 period. The NSP is intended to summarise the high level strategy for the Programme and its consistency with the EU and national policy context.

The minimum content for the NSP was set out in the Commission Guidance Establishing the National Strategy Plan, based on the following structure:

- Chapter 1: Baseline Analysis of the Economic, Social and Environmental Situation in the UK and Setting of the Baseline Indicators.
- Chapter 2: Overall Strategy, Translation of Community Priorities and Setting of National Priorities.
- Chapter 3: Strategy Per Axis, Including Quantified Targets and Objectives and Indicators to be Used.
- Chapter 4: RDPs and Their Indicative Allocation, Including Convergence Amounts.
- Chapter 5: Internal and External Consistency of the National Strategy Plan, Complementarity with other Community Funding Instruments.
- Chapter 6: Amount and Set-up for the National Rural Network.

There were clear tensions in the requirements set out in the Commission's Guidance, notably between the 20 page limit on the length of the Document and the level and depth of data which would in practice be necessary to draw out the strategic aspects. Supplementary guidance was subsequently provided to Defra on an informal basis in consultation with the Commission.

Overall, the value of a separate NSP and Programme Document, between which there are considerable overlaps, has never been clear. In the judgement of the evaluators, the NSP has provided a considerable distraction from the development of the Programme Document.

2.2 Issues for Evaluation

The NSP should ensure consistency with other EU policy, in particular in relation to the ERDF and ESF and also their coordination with national and regional priorities. The content of the Plan should comprise:

- an evaluation of the economic, social and environmental situation and the potential for development.
- the strategy chosen for joint action, highlighting the consistency of the choices made with the Community strategic guidelines.
- the thematic and territorial priorities for rural development under each priority axis, including the main quantified objectives and the appropriate monitoring and evaluation indicators.

- a list of the rural development programmes implementing the NSP and an indicative Fund allocation for each programme, including the amounts resulting from modulation.
- the means to ensure coordination with the other CAP instruments and with Cohesion policy.
- the elements needed for the appraisal of competition rules and the list of aid schemes allowed.
- information on the complementarity with the measures financed by the other CAP instruments, Cohesion policy and the European Fisheries Fund.
- programme implementing arrangements.
- the designation of the partners and the results of the consultations of the partners.
- demonstration of consistency with the Rural Strategic Guidelines, the NSP and the Regulation by the Commission.

The identified links between the underpinning analysis, the regional, national and EU tiers of strategy and the development of the new ERDP should provide a robust rationale for the NSP and a distribution of resources which is demonstrably consistent with this. The role of the ex-ante evaluators is to help guide this process, validate the analysis and verify the rationale, resource distribution and the projected outcomes.

2.3 Evaluation of the UK NSP

2.3.1 General

The UK NSP was developed between May and November 2006 and the ex-ante evaluators reviewed three iterations. Following the Consultation, the thematic approach in the Consultation Draft was dropped in favour of the structure of Axes identified in the Rural Development Regulation.

2.3.2 Evolution of Draft NSP

Following a bilateral discussion between Defra and the Commission in May, and subsequent reworking of the document, the evaluators considered that greater alignment with the Commission's presentational requirements had been achieved at some cost to the logic of the proposals outlined in the first draft.

Over the course of the development of the NSP, the evaluators highlighted weaknesses in the Baseline Chapter, notably a lack of sufficient trend data and had a tendency to make assertions with insufficient evidence. The evaluators noted that a need to strengthen information relating to the forestry sector. There was a particular need to exploit domestic data to support an interpretation of the Regulation that was relevant to the UK.

The evaluators highlighted how the proposed distribution of resources would be improved through an assessment of how needs were already being met through other funding sources. The need for a more effective connection between the narrative in Chapter 2 and the evidence in the Baseline Chapter was the evaluators other key observation. Chapter 5, however, was considered to require little additional work to meet the Commission's expectations.

2.3.4 Evaluation of November 2006 Draft

The November 2006 draft comprised a further substantial re-write. Chapters 1 and 2 were restructured and a substantial amount of additional material was included. The previous gaps relating to forestry were addressed. Links between the Chapters were more clearly evident.

Greater reference was made to trend data. Throughout the document a more balanced UK perspective was presented and specificities of the constituent parts of the UK were addressed to a greater extent than was previously the case. Nevertheless, the referencing of data or sources remained an aspect requiring attention. There remained sections of text lacking justification by reference to supporting evidence.

The Strategy Chapter was considered by the evaluators to have been substantially strengthened through the addition of new material and the strengthening of links to the analysis presented in Chapter 1. The Balance Between Objectives section had been substantially improved, including the discussion of the approach to each of the Axes. There was a broader discussion of the integration between the Axes and the clearer links to the analysis.

With regard to Chapter 3 (Strategy Per Axis), in the judgement of the evaluators the integrative text presented appeared sufficient for the purposes of the UK strategy. Chapters 4 and 5 were also considered to meet the Commission's requirements. However, further work was identified as being required on Chapter 6 in relation to the composition and resourcing of the National Rural Network and existing national networking structures.

2.3.5 Conclusions

A significant amount of progress was made in successive iterations of the draft, particularly between July and November. However, there remained a need for supporting data to be adequately referenced throughout to strengthen the analysis, the justification for the proposed balance of resources and the intervention logic.

The absence of a well-justified argument for the allocation of resources on a strategic basis was, the evaluators argued, the critical weakness in the document. Assuming these issues could be addressed, as well as a number of detailed points raised, in the judgement of the evaluators, the draft UK NSP would be suitable for submission.

2.4 Evaluation of the Rural Development Strategy for England

2.4.1 The Consultation Strategy

At the time the ex-ante evaluation was commissioned in December 2005, Defra had a draft strategy paper in an advanced state of development and intended to consult on it in early 2006. The consultation strategy was based upon existing UK policy perspectives rather than being developed from first principles in response to the Rural Development Regulation (RDR) and was based upon three themes:

- Enhancing the Environment and Countryside.
- Making Agriculture and Forestry More Competitive and Sustainable.
- Enhancing Opportunity in Rural Areas.

Although the Consultation Strategy provided a good outline of the intended direction of the RDPE, there was a need to reconcile the theme-based strategy to reflect the structure of the RDR and the Commission's Guidance on the NSP.

Following the consultation period, the Rural Development Strategy for England was developed as Annex 2 to the UK NSP over 4 iterations between May and November 2006. The Consultation Strategy was effectively used as a starting point as the Rural Development Strategy was ultimately structured along similar lines to the UK NSP with Sections corresponding to the Chapters in the UK-level Document.

2.4.2 Evolution of the Rural Development Strategy for England

Initial drafts of the England Annex were based on Sections 1-3, presenting information relevant to the English situation. This was found to be consistent with the thinking behind the Consultation Strategy document. Following a bilateral meeting between the Commission and Defra, the core Sections of the draft were further developed and a separate Annex 2a was submitted containing evidence to which the text of the England Chapter referred.

Over the course of the drafting, the evaluators stressed the need to evidence the market failures upon which the strong weighting of resources towards Axis II was based and also to explain how the Leader approach would contribute to Axes I -III.

Although the evaluators had recommended that the evidence base be developed to the depth necessary for the Programme Document and summarised for the England Annex of the NSP, the evidence bases were developed separately. At various times the evaluators highlighted the need for strengthening of the evidence and for a more realistic appraisal of the limited evidence linking environmental quality and economic benefits.

2.4.3 Evaluation of November 2006 Draft

A fourth draft of the England Annex (Annex 2) was completed in November 2006. In general, the November 2006 draft was found to be very substantially improved both in terms of structure and content, with a more logical presentation and flow of argument. A majority of comments made in previous reviews had been addressed. The draft featured a clearer and more explicit focus on the RDR Axes than in previous versions of the strategy and made greater reference to lessons from previous experience.

The Baseline (Section 1) was found to be improved in many respects. The introduction set the strategic context more appropriately and more concisely than previous iterations and focused on the integrated nature of the rural economy and the role of agriculture and forestry management within it. Restructuring of the sub-section on Economic Situation and Competitiveness of the Agri-Food and Forestry Sectors improved the logic of the discussion of the agri-food and forestry sectors and drew out their development potential. The paragraphs covering forestry were found to have been greatly improved and to have addressed many of the points raised in the review of the July draft. However, further work on cross-national comparisons of competitiveness would have been beneficial.

Material issues raised in the review of the previous draft of the General Environmental Situation were found to have been substantially addressed. A new section on the impact of previous agri-environment schemes was not supported by evidence, however. The wider relevance of the environment to rural development

context was more fully described. The sub-section on the General Socio-Economic Situation in Rural Areas, although already relatively strong in previous iterations, had been improved throughout with greater detail.

A heavily reworked Section 2 progressively developed an argument for the proposed resource allocation across the Axes. Nevertheless, the evaluators noted that the distinctive proposals on financial weighting and the assertion that this would add maximum value required justification on two levels:

- the argument for putting resources into Axis II required greater clarity about the value of the benefits that would be realised.
- the argument for putting as much resource into Axis II at the expense of Axes I and III required clarity as regards the trade-off in benefits and / or the availability of alternative resource streams to address these agendas.

An important omission from the text was a justification of the Measures which were not to be adopted.

The Strategy Per Axis (Section 3) had been substantially reworked in the November draft, but did not refer to the (February 2006) consultation or how this has influenced the redrafting. A number of other shortcomings were identified:

- the Strategy per Axis did not identify SMART objectives as envisaged in the Commission's guidance.
- the discussion tended to focus on Axis II and did not present a balanced picture of the overall Programme.
- the role of the RDAs in regional delivery and the strategic rationale for this was not explained.

The Commission guidance requires that this section should include quantified targets for each Axis that are consistent with the balance of resources outlined in Section 2. It was noted that these would be developed following clarification of the resourcing of the RDPE, as part of Defra's work in developing the Operational Programme.

Review of the indicators proposed suggested that these would potentially be effective in providing a high level picture of the outcomes from the Programme. However, the evaluators noted that this would also depend upon:

- the further definition of the indicators.
- the proposed methods for monitoring and measurement against targets.

The text on Complementarity and Consistency (Section 5) had been extensively revised from the previous draft. It outlined the internal consistency of the approach and the role of the delivery bodies in the regions. However, the evaluators noted that greater clarity on the role of the RDAs and the Leader approach, notably as regards innovation, would be beneficial.

The text on coordination with other EU funding instruments had been amended and improved and included substantially greater detail on the regional arrangements.

Section 6 concerning the National Rural Network was unchanged from the July draft. While outlining general principles that appear to be broadly in line with Commission requirements, it was noted as requiring further development with regard to resourcing, activities and composition.

2.4.4 Conclusions

The evaluators concluded that the November 2006 draft represented very significant progress from the previous version of the England Annex and, in many respects, was fit-for-purpose. However, three remaining substantive issues were identified:

- weak and inconsistent referencing of evidence; addressing this issue would significantly strengthen the baseline position and the interpretation which flows from it.
- the absence of a summary of evidence justifying the distinctive proposals as regards financial weighting; this was a critical weakness in the judgement of the evaluators.
- the strategy remained to be quantified; this would be possible following clarification of the resourcing of the RDPE.

3 EVALUATION OF THE RURAL DEVELOPMENT PROGRAMME FOR ENGLAND

3.1 General

The Rural Development Programme for England provides the framework for operationalising the England Annex of the National Strategy Plan. This document will be used by Programme Managers and applicants throughout the period of implementation. It also contains a wide range of information which will inform thematic and periodic evaluations. The ex-ante evaluation of the RDPE Programme Document covers:

- Evaluation of the Evidence Base and Strategic Analysis.
- Evaluation of Objectives and Strategy.
- Evaluation of the Proposed Measures.
- Evaluation of the Quantification of the Programme.
- Positive and Negative Impacts and their Incidence.
- Community Added Value.
- Implementation Arrangements.
- Consultation.
- Overall Conclusions and Recommendations on the Submission Draft RDPE.

3.2 Evaluation of the Evidence Base

3.2.1 Issues for Evaluation

Since the commencement of the assignment, the evaluators have emphasised the importance of a good quality evidence base to underpin both the NSP and the RDPE. The evaluators recommended that this should be done in a unitary fashion to cover the needs of both documents. The evaluators emphasised the need for analysis of sufficient depth to provide justification for the policy choices in the documents and, to this end, in February 2006, provided checklists and good-practice examples to illustrate how this objective could be met.

In the event, work on the full evidence base did not commence until Summer 2006 and has been more influenced by Annex II and Annex VIII of the Implementing Regulation, which establish minimum content for the socio-economic and environmental analyses. The Implementing Regulation envisages the use of quantified data to highlight strengths and weaknesses, needs and potential for rural development, using a set of prescribed indicators and other relevant indicators.

According to Annex II, the 'Situation in Terms of Strengths and Weaknesses' should address the following five themes:

- The general socio-economic context of the geographical area.
- Performance of the agricultural, forestry and food sectors.
- Environment and land management.
- Rural economy and the quality of life.
- Leader.

Annex II provides an itemised list of sub-themes under each of the five areas of analysis. No further formal guidance on the preparation of the socio-economic and environmental analysis was issued by the Commission.

Our role as ex-ante evaluators has been to review the contents of the evidence base to establish that the full range of themes was addressed, and thereafter to consider whether:

- sufficient relevant data were presented.
- the data presented were up-to-date and from a reliable source.
- the data were static or in time-series form and benchmarked.
- trends were analysed.
- issues surrounding the cross-cutting themes were incorporated into the analysis.
- the data were disaggregated to illustrate regional disparities.
- the accompanying analysis and conclusions were consistent with the data presented.

3.2.2 Summary of Identified Social, Economic and Environmental Issues and Trends

The main issues identified in the analysis are as follows.

The General Socio-economic Context of the Geographical Area

The OECD **definition** of rural areas is not suitable to England, as under this definition, there would be no rural areas in England. Domestic UK definitions are therefore used in the analysis.

Roughly 19% of the **population** of England lives in rural areas. The rural population is older than the urban population. For example, in rural areas 26% of the population is aged 25 to 44, while the figure for urban areas is 30%. At the same time, the population of rural areas is growing and ageing at a faster rate than the population of urban areas.

In terms of **migration**, there is a net inflow of people into rural areas and out of urban areas. Only 24% of in-migrants to rural areas are aged 16 to 29, compared with 33% of out-migrants. When describing **peri-urban pressures and remoteness**, the evidence base states that the projected economic growth of rural areas within city regions is higher than the growth of less accessible rural areas.

The **economic drivers** for growth are considered to be the same in urban and rural areas: productivity, employment, and labour force participation. It is argued that, in aggregate, the performance of the economy in rural areas is comparable to performance in urban areas. However, there are rural areas where economic performance is well below average and prospects for growth more limited. On some indicators, such as capital investment by business, rural areas fare worse than urban areas.

Employment in agriculture has declined by 30% in the last 20 years. In 2004, the agriculture, hunting and forestry sector accounted for 2.6% of total employment in predominantly rural areas. Employment rates in rural areas are consistently higher than those in urban areas although this varies by region and the degree of rurality. As in urban areas, employment rates are higher for males than for females. **Unemployment** rates are lower in rural areas than in urban areas.

In terms of **qualifications**, rural areas have fewer working age people with no qualifications than urban areas: in the UK, 44% of the land-based workforce do not hold any qualifications, compared to 31% for all employment. The average level of

qualifications is slightly higher in rural areas than in urban areas. Within rural areas, qualification levels are lower in sparse rural areas (and comparable with urban areas).

There are differences in the sectoral proportion of **business units** between rural and urban areas. Rural areas have a much higher proportion of businesses in agriculture but lower proportions of businesses in wholesale and retail, financial intermediation and real estate, and the public sector. Rural businesses tend to be smaller than in urban areas, with a higher proportion having no employees. However, there are more businesses per capita: rural areas of England account for 19% of the population and for 25% of the business stock. In terms of business start-ups, the performance in rural areas is comparable or better than the English average.

The Performance of the Agricultural, Forestry and Food Sectors

In terms of **entrepreneurship**, the entry rate to farming between 1999 and 2004 was 2% of the farming population but the exit rate was 18%. The proportion of farmers aged 65 and over has risen.

Total factor productivity of English agriculture is below leading EU countries and the USA. Despite more recent improvements, there was steep decline in productivity in the mid-1990s due to the exchange rate vis-à-vis ECU, commodity prices, the impact of diseases and rises in the price of energy. In forestry, productivity is less than a third of the EU average due to a weak skills base and a lack of active management.

English agriculture, food and forestry sectors display the following **structural disadvantages**: small size of farms in terms of the number of staff; low and declining farm share of food prices; a rise in imports and a fall in exports of food; and energy efficiency.

In 2002, 58.3% of farms engaged in some form of **diversified** activity. In 2005/2006, 84% of diversified farms derived less than 25% of the total output from the diversified output.

Environment and Land Management

Over 70% of **land** in England is used for agricultural purposes; 36% for grasses and rough grazing, 30% for crops and bare fallow, 5% as other agricultural land, 9% as forest and woodland, 19% as urban land and land not otherwise specified and 1% as inland water. The average **holding size** in England is 112.7 hectares, which is above the EU average. In 2002, 2.5% of agricultural land in England was managed **organically**, mainly for livestock production.

There are some **handicaps facing farms in areas at risk of abandonment and marginalisation**. About 17% of England's agricultural land is designated as Less Favoured Area. These areas are almost exclusively areas of hill farm, moorland or common grazing.

Recent research is cited reporting a positive trend on indicators of **biodiversity** in England, such as population of butterflies and condition of Sites of Special Scientific Interest. When applied specifically to farmland, the outcome was less positive, with only two indicators out of six showing a clear positive trend.

Agriculture accounts for about 1.5% of **water** used in the UK. In 2005, two-thirds of English rivers had nitrate levels below 30mg/litre but there were marked regional differences. In the same year, about 58% of English rivers showed evidence of phosphate enrichment, a slight decrease from the year 2000. In rural areas, this **pollution** was caused mostly by agriculture.

Agriculture is the greatest source of **air pollution** from ammonia in the UK. The UK emissions of SO₂ and NO₂ reduced by 80% between 1970 and 2002 but the impact of agriculture on this has been minor. Between 1995 and 2005, the emissions of ammonia reduced by 17%. Agriculture and forestry currently account for about 7% of total **greenhouse gas emissions** (CO₂, CH₄, N₂O, O₃). Between 2002 and 2004, there was an increase of **pesticide use** although the ecological impact is more difficult to estimate due to changing types of pesticides used in agriculture.

Quality of Life in Rural Areas

It is argued that **service provision** in rural areas is as good or better than in urban areas, although the data presented are inconsistent. There are some differences in that services in rural areas are more dispersed and therefore less easily accessible but on other benchmarks of success they consistently perform better than those in urban areas. However, 9% of older people in rural areas are 'service-excluded' as opposed to 8% in urban areas. Access to broadband is 99.8% in the UK although rural businesses adopt Information Technology much more slowly than urban businesses.

It is further argued that other **infrastructure** in rural areas is robust on the basis of accessibility *to a majority of residents*. It is noted that 69% of rural households live within 4km of a supermarket. More than 75% of rural households have access to a car. 55% of households in rural areas are within 10-minutes walk of an hourly or more frequent bus service, a rise from 41% in 1998/2000.

Analysis of **social exclusion** based on the Index of Multiple Deprivation suggests that rural areas perform better than urban areas on indicators such as the proportion of children, working age adults and pensioners living in households with low incomes. The national percentage of population suffering from **income deprivation** is 14% as opposed to 8% in rural areas.

In the programming period 2000-2006, there were 25 **Leader+** local action groups in England. The number of rural residents covered was 1.9m out of a total population of 9.3m in England.

3.2.3 Evolution of the Draft Socio-Economic and Environmental Analysis

The evaluators reviewed a first draft of the evidence base in November 2006. It was followed by the second draft in February 2007. The present, third draft was received in May 2007.

All three drafts were structured according to the succession of headings and sub-headings as it appears in Annex II of the Implementing Regulation. While acknowledging the importance of the Implementing Regulation in providing indicative guidance as regards content, the evaluators highlighted the pitfalls in its use as a template. This could act as an obstacle to the development of a comprehensive analysis, lead to duplication and fragmentation of the analysis.

The first draft from November 2006 involved populating the structure implied by the Implementing Regulation with material cut and pasted from other documents. There was limited accompanying analysis of trends and reference to benchmarks. No regional analysis was provided. There was no synthesis of findings nor drawing out of key points. Accordingly, the evaluators highlighted the need for substantial work to provide a sound underpinning for the strategy.

The evaluators met with the client in January 2007 to discuss the approach to strengthening the analysis. On grounds of proportionality, Defra officials were reluctant to undertake substantive new analysis including regional and spatial analysis. However, proposals were advanced for a structured approach to the analysis which the evaluators considered could be quite effective.

Review of the February 2007 draft found that it contained significant additional work, particularly in relation to the agriculture and food section and the land management and environment section. However, limitations in the availability of systematic evidence on the prospective benefits from investment in agri-environmental actions became apparent at that time. In comparison, the sections dealing with the General Socio-economic Situation and Quality of Life were considered to be weaker. The evaluators expressed concern that the high-level analysis portrayed the rural situation in a homogeneous fashion and underestimated the challenges in the more remote rural areas.

The evaluators again stressed the need for the implications of the analysis to be drawn together to support strategy development and for greater neutrality in the analysis which was seen as being prematurely burdened with statements of existing policy.

3.2.4 Evaluation of the May 2007 Draft

General

The May 2007 draft of the socio-economic analysis represents an improvement when compared with previous drafts. It is written more clearly, and the presented information is more tailored to the purposes of the Programme than in previous versions.

There are now 5, instead of 6, sections, as the competitiveness sections on agriculture and the food sector, and the forestry sector, have been merged. In addition, changes have been made to the sub-divisions within sections.

- Section 1, 'The General socio-economic context of the geographical area' is now more developed when compared to the previous draft. It has been substantially rewritten and enriched by new material.
- Section 2, 'Performance of the agricultural, forestry and food sectors' merges two separate sections. These have been heavily restructured and slightly augmented.
- Section 3, 'Environment and land management' remains substantially as before.
- Section 4, 'Rural economy and the quality of life' has been significantly reworked, with material both added and removed.
- Section 5, 'Leader' has been extended, but still requires additional development.

A significant amount of work has been carried out in response to observations made by the ex-ante evaluators on the February draft, particularly where these were non-contentious. In a number of instances, however, sections from the February draft that had been challenged were found to have been deleted as an alternative to addressing the issues raised.

Summary sub-sections have been added at the end of each of the main sections, but do not effectively synthesise the preceding analysis and feed into the following analysis of strengths, weaknesses and needs. A large proportion of this material consists of statements of policy or introduces material that has not featured in the preceding analysis.

The General Socio-Economic Context of the Geographical Area

This analysis of socio-economic conditions in rural areas of England deals with the following:

- definitions of rural areas.
- the demographic situation.
- migration.
- peri-urban pressures and remoteness.
- economic drivers, productivity and growth in rural England.
- the labour market.
- land use in rural England.

This section has been extensively re-written since the February draft making more use of standard statistical sources and presenting more information at regional level. Some useful material from the previous draft has been deleted. It represents significant progress, but, in the judgement of the evaluators, could usefully be developed further.

The sub-section on definitions of rural areas has been rewritten but it could be organised better and state clearly which definitions/classifications will be used in the analysis. It would be helpful to provide a table, showing the meaning and designation of different categories used under the 'OECD definition', 'rural definition' and 'rural classification'.

There is greater integration of an equal opportunities analysis. Age and gender of potential beneficiaries are now taken into account, for example with regard to the demographic situation and employment and unemployment. Migration data are supported by evidence, showing trends and age groups.

The sub-section on peri-urban pressures and remoteness is weaker, with limited information presented on either of the topics identified in the title. It is asserted that, in general, rural areas in England do not experience challenges of remoteness. In the judgement of the evaluators, this is neither accurate nor consistent with much of the remainder of the text, which now acknowledges rural diversity to a greater degree and attributes differences in performance to remoteness, among other issues.

The economic drivers of growth are now clearly stated. Although the economy of rural areas is now described in more detail in this sub-section, we would expect more to be made of the interactions between different sectors and the importance of tourism for rural areas. This sub-section acknowledges that there are rural areas where "performance is below average and prospects for growth are limited". It would be

helpful to identify these areas, their fit with Defra's PSA Target 4 areas and to explore the causes of low productivity and growth.

The Labour Market section is now more focused and detailed. The inclusion of new tables on employment, unemployment, and educational achievement by region, degree or rurality, age and gender is welcome. However, the analysis of employment structure by broad sector is superficial and leads to incorrect conclusions on the similarity of the urban and rural economies. These are not consistent with other evidence presented, for example, in Paragraph 404 where it is noted that the food chain accounts for up to 39% of employment in predominantly rural areas. An appraisal of pluriactivity, underemployment, seasonality and off-farm employment that are characteristic of the labour market in rural areas would be helpful.

The new analysis of land use is helpful and provides a more realistic picture of rural England.

The Performance of the Agricultural, Forestry and Food Sectors

This section deals with the following areas:

- competitiveness of the agricultural, forestry and food sectors.
- analysis of structural disadvantages and identification of restructuring and modernisations needs for the agricultural, food and forestry sectors.
- human capital and entrepreneurship.
- potential for innovation and knowledge transfer.
- quality and compliance with Community standards.
- animal health and welfare.

The material in this section has been extensively re-structured since February 2007. However, this has not been entirely successful, with some useful material being displaced and the loss of a narrative thread.

Significant material has been added on the competitiveness of the agricultural, forestry and food sectors. There is useful information on productivity, growth, and farm incomes, but information is no longer present on income from farm diversification and its implications for sustainability of farming. The validity of the conclusion that there is "significant scope to improve performance" is not at all clear from the evidence presented. Variability in performance may reflect different geographical setting, quality of land, type of farming, size of holding, etc. and may not be susceptible to improvement.

The evaluators have concerns about the realism and objectivity of the economic effects attributed to forestry in this section, particularly those deriving from tourism and recreation where there is likely to be a high propensity for displacement and substitution.

The individual elements of the material on structural disadvantages are of good quality. However, it would be helpful to present a fuller analysis of the contribution of value-adding activities to total farm incomes and exploration of the implications for farm competitiveness and income.

The sub-section on human capital and entrepreneurship now contains some more statistical evidence that is directly relevant to the agriculture sector and this is helpful.

The sub-sections on potential for innovation and knowledge transfer and quality and compliance with Community standards are weaker and lack a coherent narrative thread.

Environment and Land Management

This section addresses the following topics:

- the handicaps facing farms in areas at risk of abandonment and marginalisation.
- biodiversity.
- water quantity and the role of agriculture.
- water quality and the role of agriculture.
- implementation of the Nitrates and Water Framework Directives on farmland.
- air pollution and links to agriculture.
- action to reduce ammonia emissions and meet international targets.
- climate change and agriculture, including bio-energy.
- soil quality and protection.
- pesticide use.
- organic farming.
- animal welfare.
- extent of protective and protected forest areas.
- forest areas under high/medium fire risk.
- landscape.
- access.

Much of the material is of good quality although gaps in data remain, notably in relation to trends and regional disparities.

Information on the handicaps affecting some farms is relatively strong but further statistical evidence and regional data would be helpful.

Some of the material is well written and contains information on trends. This concerns parts of passages on biodiversity, water quantity, water quality, implementation of the EU directives, air pollution, pesticide use, organic farming, landscape and access. Nevertheless, all these passages would benefit from benchmarking and quantified regional data and, in some cases, demonstration of trends.

The sub-section on soil quality is relatively weak and actually provides very little information on the conditions of soils in England and the regions.

The most significant shortcoming is the non-availability of systematic evidence quantifying the prospective benefits from investment in agri-environmental actions, although some useful qualitative research is highlighted.

Rural Economy and the Quality of Life

This section provides information on the following:

- the structure of the rural economy.
- barriers to creation of alternative employment opportunities.
- micro business formation and tourism.

- provision of services in rural areas.
- infrastructure in rural areas.
- cultural heritage and the built environment in villages.
- human potential in rural areas.
- local capacity for development.

In the evaluators' judgement, the amendments have not substantially improved the sub-section on the structure of rural economy. There is greater acknowledgement of the diversity of rural situations, although we still find the treatment of rural disadvantage less than convincing. Advocacy of the prevailing policy mainstreaming approach deflects attention from the situation in lagging rural areas (including Defra's PSA4 Target Areas) and where a distinctive policy response (Leader, for example,) may be appropriate.

The evaluators would expect a fuller appreciation of the extent of integration of agriculture and forestry with the wider rural economy.

The analysis of Convergence areas in England is much reduced from that envisaged under the RDR. The socio-economic analysis in the Cornwall and the Isles of Scilly Convergence Operational Programme is not comparable with the specification in the RDR Implementing Regulation.

The sub-section on barriers to creation of alternative employment opportunities does not address factors such as market density, labour market capacity, and business infrastructure as previously suggested. There is no indication of the relative importance of the barriers identified. The passage on skills lacks clarity. We would expect to see information on pluriactivity, under-employment and seasonality of employment within rural labour markets.

The sub-section on micro business formation would benefit from spatial analysis. The rural dimension of tourism is addressed to some extent but the information is not quantified. The evaluators have previously expressed concern at the realism of the scale of tourism benefits being *attributed to* as distinct from being *associated with* a high quality environment. It is important to bear in mind that "the environment" is a very broad concept and the focus of environmental investments envisaged under the RDPE may produce limited socio-economic benefits, as is suggested by the SEA.

As the evaluators have previously highlighted, the high level analysis and the focus on the average rural resident where access to services and infrastructure is concerned tends to obscure the disadvantage experienced by the minority and by residents of more remote areas in particular. The analysis of social and economic exclusion using the Index of Multiple deprivation, which systematically underestimates the significance of rural disadvantage, is unconvincing.

Leader

This section on Leader has been considerably expanded with the addition of material from the Leader Mainstreaming Study, but remains underdeveloped. It would be helpful to present an introductory outline of the Leader approach, covering:

- the Leader principle.
- its purpose in compensating for the weaknesses of conventional mainstream approaches in rural areas.
- how it is implemented.

- the types of activities supported.
- what it is good and less good for.

3.2.5 Overall Assessment

The evaluators would acknowledge the very significant progress made with the evidence base since the first draft in November 2006 and that a considerable proportion of the work carried out has been in response to recommendations made by the evaluators. Nevertheless, these adjustments have not always fully addressed the weaknesses identified, some of which have an important bearing on the selection of Measures to be supported and the relative weighting of the Axes and Measures.

Although the range of indicators is reasonable, there continues to be a lack of discussion of trend data and benchmarks. Greater use of regional analysis using available statistical data would have helped inform the development of strategy. There remains insufficient discussion of the equal opportunities agenda.

Notwithstanding these caveats, in the judgement of the evaluators, the analysis of the Performance of the Agricultural, Forestry and Food Sectors and Environment and Land Management provide a plausible portrayal of these dimensions of rural England. By comparison, the General analysis and those on Quality of Life and the Leader approach are weaker. The material in these sections now acknowledges a greater diversity of experience than before, but does not address the detail.

From the start of the exercise, the evaluators have emphasised that the evidence base should be drafted in a neutral fashion and that statements of policy and strategy are premature at this stage in the Programme Document. Statements of policy that are sometimes in tension with evidence presented and, on other occasions, are used to compensate for a lack of statistical evidence have become more prevalent in the May 2007 draft. In the judgement of the evaluators, this is counterproductive.

Conclusions to the sections have now been added, but these do not always provide an effective summary or are used to rationalise the current policy position. They do not provide an effective link to the analyses of strengths, weaknesses and needs as we would expect.

3.3 Evaluation of Objectives and Strategy

3.3.1 Issues for Evaluation

The production of the RDPE differs from most Programme development exercises insofar as the Regulation sets out a fixed framework of Axes and Measures. In these circumstances the process of strategy development becomes simplified to:

- interpreting the relevance of the set Axes and Measures in the England context.
- determining the appropriate distribution of resources across the Axes and Measures.

The main questions for the evaluation in this area are:

- is the derivation of the overall strategy clear; is a sufficient rationale presented and is it consistent with the conclusions of the analysis of strengths, weaknesses and needs and the underlying evidence base?
- are Global objectives presented; are these consistent with the overall rationale; and are they quantified; is their formulation consistent with SMART principles?
- is the basis for the relative financial weighting of the Axes clearly set out and justified?
- for each Axis, is sufficient rationale presented, is it consistent with the conclusions from the analysis and the evidence base?
- for each Axis, are Specific Objectives identified; are these consistent with the Axis rationale and the Global Objective of the Programme?
- for each Axis, do the Measures supported represent a coherent response to the rationale.
- are lessons from past Programmes that are relevant to the proposed strategy identified; is it explained how these are reflected in the strategy and its implementation?
- is it clear how the Leader approach will be integrated?
- is the consistency of the strategy with the relevant EU and UK policy context demonstrated?
- is the relevance of the cross-cutting themes elaborated; are there clear proposals for their integration?

3.3.2 Evolution of the Draft Objectives and Strategy

The evaluators have reviewed two iterations prior to the submission version in May 2007.

Review of the November 2006 draft identified that there was very little development of this area of the Programme Document. At that time, there was no SWOT or other analysis leading to the conclusions on the focus of the Programme or the weighting of the Axes. There were no conventional Axis texts. Consequently, the evaluators reinforced earlier guidance reflecting good practice in the derivation of strategy and the presentation of Axis texts, highlighting the limitations of the indicative guidance in the Implementing Regulation in this area.

Review of the February 2007 draft found that our recommendations following the November draft had not been taken up. Rather than developing a conventional SWOT analysis (other analysis) out of the evidence base at a strategic level, a set of matrices was presented highlighting Strengths and Weaknesses linked to Needs in the analysis and linking these to the Programme Measures. This effectively bypassed the strategy and sought to justify the Axes as the sum of the justification for the Measures.

At that time, the overall strategy text was scant and, in the judgement of the evaluators, did not provide a sound basis for the overall strategy and the financial weighting of the Axes.

In subsequent discussions, the evaluators emphasised the need for Defra to clearly set out:

- what it wanted to achieve with EAFRD support.
- a well justified rationale.
- justification for the targeting and weighting of resources by reference to identified needs and the extent to which these are already addressed by domestic initiatives.

3.3.3 Evaluation of the May 2007 Draft

General

Our review of the relevant sections of the May 2007 draft found that it had been very substantially reworked although it still followed the structure of the Implementing Regulation, within which the formulation and exposition of strategy is distributed inelegantly from the end of Section 3.1 to the end of Chapter 4.

The material presented does not contain several of the components that the evaluators would expect to find as a matter of routine within the strategy section of a Programming Document. Nevertheless it represents a dramatic improvement on previous drafts.

Derivation of the Strategy

The Programme Document does not contain a SWOT analysis (as envisaged in the indicative guidance on ex-ante evaluation). Instead, an analysis of strengths, weaknesses linked to an appraisal of needs and potential for rural development is provided (reflecting Defra's interpretation of the Implementing Regulation).

This analysis is developed from sections of the evidence base relating to each Axis, although the latest version does not retain the references to source which were previously included (and which the evaluators consider beneficial in demonstrating consistency).

Some of the issues identified would not conventionally be recognised as strengths and weaknesses (some are opportunities and threats). Nevertheless, for the most part, the material contained within the "strengths" and "weaknesses" cells summarise elements of rationale for intervention. The links to possible actions for the most part appear plausible.

There is no analysis of the interaction of strategic issues leading to conclusions on the relevance of the Axes or their relative weighting as we would normally expect at this point within a Programme Document.

The Global Objectives and Overall Rationale for the Programme

No formal Global Objective nor overall rationale for the Programme is identified. However the preamble to Section 3.2 implies general aims:

- the maintenance of a healthy environment as a prerequisite for sustainable growth.
- the management of environmental pressures arising from population and economic growth.

- the management of environmental effects arising from prospective CAP reform.

Weighting of Axes

Arguments for the weighting of the Axes and Measures are advanced for each Axis. These take account of:

- the overall range of needs and scope for rural development identified.
- the existence of parallel domestic initiatives addressing these issues.
- the eligible scope and relevance of actions possible under the Rural Development Regulation.

The evaluators find the exposition as presented to be plausible. Its robustness could be strengthened through fuller identification of the scale of funding for the initiatives identified. In relation to Axis I, the evaluators would note that agricultural diversification tends to be a low priority for Regional Development Agencies as it is seen as falling within the remit of the RDR. In relation to Axis III, rural development tends to be a lower priority for RDAs as a result of other Government policy favouring the concentration of resources in City Regions. Similarly, Quality of Life issues are a low priority for agencies whose targets are based upon economic outcomes.

Axis Rationale

For each Axis, a rationale text is presented. Review of these texts finds that they are grounded in the evidence base and the analysis of strengths and weaknesses. However, it would be beneficial to demonstrate consistency with the underlying analysis through clearer reference to the evidence and also to strengthen the justification in the narrative with more illustration using statistics.

Axis Specific Objectives

The Axis texts do not include Specific Objectives. However, the Tables in Section 4.2 identify "England Strategic Priorities for the Next Rural Development Programme" which are reasonably close in specification to what the evaluators would expect of Specific Objectives.

In the judgement of the evaluators, these implied objectives are substantially consistent with the rationale advanced for the relevant Axes. Furthermore, they could be brought into line with SMART principles (i.e. that objectives should be specific, measurable, achievable, realistic and timebound) through subtle redrafting and linking to the quantification of the Programme.

TABLE 3.1: England Strategic Priorities for the Next Rural Development Programme

Axis I	Axis II	Axis III	Axis IV
<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 by:</p> <ul style="list-style-type: none"> • developing a greater awareness of market opportunities, and a greater ability to exploit these opportunities, particularly in relation to renewable energy and added-value products. • promoting and encouraging greater collaboration and co-operation between producers, and between producers and the rest of the supply chain. • improving agricultural and forestry industry uptake of technology and entrepreneurial skills. • increasing opportunities for knowledge transfer and skills enhancement, by- <ul style="list-style-type: none"> – enabling better access to mainstream business training – filling gaps in existing training and advice provision, where this does not meet the needs of farming, food and forestry sectors. – promoting the adoption and dissemination of innovative business processes and practices. 	<p>To improve the environment and countryside by:</p> <ul style="list-style-type: none"> • Conserving biodiversity. • Maintaining and enhancing landscape quality and character. • Protecting the historic environment. • Promoting public access and understanding of the countryside. • Protecting natural resources: <ul style="list-style-type: none"> – Promoting sustainable forest management. – Avoiding marginalisation. – Contributing to climate change mitigation. 	<p>To enhance opportunity in rural areas, in a way that harnesses and builds upon environmental quality, by:</p> <ul style="list-style-type: none"> • supporting innovative rurally based business development and enterprise, including diversification out of agriculture and encouraging sustainable tourism. • improving skills in the rural workforce through providing learning opportunities that are not offered by other programmes and mainstream services and facilitating access to mainstream learning and development opportunities. • tackling social disadvantage through steps to support fair access to services where this will ensure the continued viability of rural communities. • supporting areas of economic underperformance and individuals experiencing disadvantage. 	<p>To mobilise the development potential of rural areas in a way that stimulates innovation to the benefit of the local area.</p>

Coherence of Measures

Within each of the Axis texts in Section 3.2, there is a subsection explaining which will be the main Measures deployed and which Measures will play a supporting role. Cross referencing is provided to Chapter 5 where an explanation is provided for the exclusion of certain Measures.

The hierarchy of Measures described appears consistent with the rationale and the explanation advanced for the weighting of Axes and Measures.

Integration of the Lessons from Past Programmes

Section 3.4 and its related Annex summarise the achievements of past Programmes and some of the findings of evaluations. There is consideration of the implications of these for the very broad direction of the 2007-13 Programme. However, there is a wealth of learning in these evaluations and in the omnibus prepared as guidance by the ex-ante evaluators that is not reflected here nor within the Measure texts to any significant degree.

We would expect the most relevant lessons to be highlighted at Axis level (as a minimum) together with an explanation of how they have been applied in the design of the Programme or will be reflected in its implementation.

Integration of the Leader Approach

Leader is represented in the Strategy section as a text for Axis IV and it is represented in the Financial Table as a separate budget line. There is no explanation of how, if at all, the Leader approach will be integrated with Axes I-III (i.e. how Leader will be mainstreamed).

Consistency with the EU and UK Policy Context

The consistency of the proposed actions with the EU and UK policy context is described in Section 4.1 and is supported with a tabular presentation. In the judgement of the evaluators, this material could be developed further. The Tables show in four columns:

- the Community Strategic Guidelines.
- the "UK Strategic Potential for Rural Development Programmes".
- the "England Strategic Priorities for the RDPE 2007-13".
- the RDR Measures to be used.

As presently configured there is no clear horizontal read across the Tables. It would be beneficial if the Tables were modified in line with the evaluators' past recommendations, in order to make clear:

- which CSGs relate to which UK policies / Programme Priorities.
- **how** these will be reflected in the implementation of the Programme.

Integration of Cross-cutting Themes

There is at present no interpretation of equal opportunities and environmental sustainability in the context of the Axes nor how these may be applied as horizontal concepts in the Programme.

Where environmental sustainability is concerned, we expect that this will be informed through the preparation of the Environmental Statement that will be prepared once the consultation period is completed. However, the development of equal opportunities in the Programme is generally weak, notwithstanding some recent additions to the evidence base.

3.3.4 Overall Assessment

The May 2007 draft of the Strategy represents a dramatic improvement on previous iterations. Although it has several technical shortcomings, it now provides a reasonable qualitative picture of what Defra wishes to achieve with the Programme and one which is quite well grounded in the evidence base.

A plausible explanation is provided for the radical allocation of resources although there is scope for strengthening this through further quantification of the funding for those mainstream initiatives that Defra argues will fund actions that might otherwise have been supported under Axes I and III. The evaluators are less confident than Defra that agricultural diversification, other rural development and quality of life actions will be a high priority for mainstream regional development resources, and, accordingly, would have been unsurprised were there a larger allocation to Axes I and III and broader application of the Leader approach than appears to be envisaged.

We have identified several areas where this area of the Programme can be refined beneficially. In the judgement of the evaluators, it would be helpful to augment the content indicated in the Implementing Regulation while a more conventional structuring will simplify communication once the Programme gets into its operational phase.

3.4 Evaluation of the Proposed Measures

3.4.1 Issues for Evaluation

The purpose of Chapter 5 of the Programme Document is to present information describing the Axes and Measures proposed through which the Strategy will be addressed. This includes the specific verifiable objectives and performance indicators through which progress will be measured.

Detailed guidance fiches have been provided for each Measure outlining the content in terms of:

- the Measure code.
- the rationale for the Measure.
- the target group.
- the target area.
- the link between rationale of the Measure and indicators.
- the evaluation questions.

Further detailed fiches were provided laying out guidance on applying the hierarchy of objectives and the indicators to be applied.

The main evaluation questions for each Axis are:

- are any Measures excluded from the Programme and is this justified?
- is the weighting of each Measure under each Axis consistent with the objectives and rationale provided?
- to what extent are the Measure texts consistent with the Measure Fiches?
- how consistent are Measure objectives and rationale with the relevant Axis objectives and rationale?
- to what extent are the actions proposed under each Measure consistent with the Measure rationale provided?
- are relevant baselines identified relating to the objectives and rationale provided?
- how suitable are the performance indicators proposed for each Measure?
- what is the extent of evidence of integration of relevant lessons from past programmes for each Measure?
- what is the extent of integration of environmental sustainability in the Measure texts?
- to what extent is equality of opportunity integrated into the Measures?

3.4.2 The Excluded Measures

While all Axis III and IV Measures have been adopted, Table 3.2 shows the Axis I and II Measures that have been excluded from the ERDP.

Table 3.2: Excluded Measures		
Axis	Measure Code	Measure
1	112	Setting up of young farmers
	113	Early retirement
	126	Restoring agricultural production
	131	Adapting to Community standards
	132	Supporting farmers participation in food quality schemes
	133	Supporting producer groups, food quality
	142	Supporting setting up of producer groups
	2	211
213		Natura 2000 payments
215		Animal welfare payments
222		First establishment of agro forestry systems
224		Natura 2000 Payments
226		Restoring forestry potential and prevention actions

The text for each of these Axes is prefaced by a table that identifies the excluded Measures and the rationale for their exclusion.

The exclusion of Measures 112 and 113 is justified on the basis of a study conducted on behalf of Defra. This recorded an increasingly ageing farming population since 1990 together with a high exit rate and low entry rate from the industry. No market failure was evident and there was no evidence of significant barriers to entry other than the income expectations, which are low. There was no evidence to justify intervention and a serious risk of deadweight arising should such intervention take place. The argument is plausible and appears to be supported by substantive evidence; it would however be strengthened by referencing the study fully.

The exclusion of Measure 126 is justifiable on the grounds it is not relevant given prevailing meteorological conditions in England.

The exclusion of Measure 131 is justified on the basis that the meeting of such standards is a condition of CAP Pillar 1 income support in England. Exclusion is therefore fully justified.

The exclusion of Measures 132 and 133 is justified on the basis of the low level of additionality they would offer in England given the influence of other factors. This is highly plausible and appears in the evaluators' judgement to be a reasonable justification for the exclusion.

Measure 142 does not apply to the UK.

There are three Measures identified as being excluded from Axis II of the programme. Measure 211 is excluded on the basis of there being no qualifying areas in England and is thus fully justified.

The justification for the exclusion of Measures 213 and 224 appears robust and is based on the lack of additionality which would arise as a result of the obligatory nature of the restrictions on land use under Natura 2000. The justification is further strengthened through a description of how protection is addressed through domestic legislation and anticipated positive environmental improvement through the approach proposed for the implementation of Measures 214 and 225.

The exclusion of Measure 215, Animal Welfare Payments, is justified on the basis of the preference for an approach which addresses the skills and attitudes of those responsible for animal welfare using training activities under Axis I.

Measure 222 is excluded on the basis of low perceived demand and the limited funds available for Axis II forestry Measures, and appears reasonable.

Measure 225 is excluded on the basis of the low level of risk of the type of catastrophic forestry incident the Measure seeks to address and the ineligibility of the majority of forests at greatest risk. Again, this appears a reasonable justification.

3.4.3 The Weighting of the Measures under Each Axis; Its Consistency with the Axis Objectives and Rationale

Assessment of the consistency of the weighting of the proposed Measures with the Axis objectives and rationale is constrained by the absence of specific text setting out specific rationale and objectives for each Axis. The evaluators commented on this in the two previous reviews of the draft Programme document highlighting that each Axis would benefit from a clear introductory section which would provide meaningful context for the Measures presented. This has been addressed in part through the inclusion of revised text in Chapter 3 sections 3.2.1.1 to 3.2.1.4 which presents elements of rationale and tables in Chapter 4 identifying the strategic priorities for England (which we interpret as objectives for the Axes). Our evaluation is based on this material and the indicative breakdown of expenditure by Measure provided in Table 7.1.

Table 3.3, below provides a breakdown of the relative weighting of each Measure together with an assessment of the extent to which this is consistent with the Chapter 3 and 4 text. The financial breakdown is by proportion of public expenditure.

TABLE 3.3: ASSESSMENT OF CONSISTENCY OF MEASURE WEIGHTING		
Measure	Weighting as % of Axis total	Assessment of consistency
Axis I		
111 Vocational training and information actions	23	Consistent
114 Use of advisory services	1	Consistent
115 Setting up of management, relief and advisory services	1	Consistent
121 Modernisation of agricultural holdings	14	Consistent
122 Improvement of the economic value of forests	4	Consistent
123 Adding value to agricultural and forestry products	36	Consistent
124 Cooperation for development of new products, processes and technologies in the agriculture and food sector and the forestry sector	17	Consistent
125 Infrastructure related to the development and adaptation of agriculture and forestry	4	Consistent
Axis II		
212 Payments to farmers in areas with handicaps, other than mountain areas	6	Consistent
214 Agri-environment payments	82	Consistent
216 Non-productive investments	6	Consistent
221 First afforestation of agricultural land	4	Consistent
223 First afforestation of non-agricultural land	0.47	Partly
225 Forest-environment payments	0.48	Partly
227 Non-productive investments	1	Consistent
Axis III		
311 Diversification into non-agricultural activities	46	Consistent
312 Business creation and development	21	Consistent
313 Encouragement of tourism activities	15	Consistent
321 Basic services for the economy and rural population	8	Consistent
322 Village renewal and development	0.09	Lacks
323 Conservation and upgrading of the rural heritage	4	Consistent
331 Training and information	4	Consistent
341 Skills acquisition, animation and implementation of local development strategies	3	Consistent
Axis IV		
41 Local development strategies		Consistent
411 Competitiveness	11	Lacks
413 Quality of life/diversification	64	Lacks
421 Cooperation	5	Consistent
431 Running costs, skills and animation	20	Consistent

Axis I resources are concentrated in Measures 111 (Vocational training and information actions), 121 (Modernisation of agricultural holdings), 123 (Adding value to agricultural and forestry products) and 124 (Cooperation for development of new products, processes and technologies). In the case of Measures 111, 123 and 124 this clearly reflects the priorities of adaptation, modernisation and innovation, market, product and quality development, skills development and knowledge transfer identified for the agricultural, forestry and food sectors.

Measure 121 complements the objectives of the other Measures whilst also contributing to the priority of addressing climate change. The allocation of resources reflects complementarity between the Measures and that sought between the Axes and is further justified by the extent to which other aspects of competitiveness are addressed through domestic resources.

Axis II resources are very substantially concentrated on Measure 214, Agri-environment payments. Concentration on this Measure is consistent with the rationale advanced regarding the appropriate scale of intervention. The integrative approach via an Environmental Stewardship Scheme with the other Measures implemented allows the range of objectives (priorities) identified in Chapter 4 to be addressed. The scale of resource apportioned to Measures 223 and 225 suggests a marginal contribution to the objectives.

The Axis III objectives and rationale are primarily economic and draw a focus on innovation and enterprise, improving skills and sustainable tourism. The weighting of resources towards Measures 311, 312 and 313 is consistent with this focus. The rationale also identifies the importance of access to services and addressing disadvantage but stresses that these are secondary and may in part be addressed by economic improvements. The balance of resourcing is further justified through consideration of the benefits of complementarity with other mainstream tools and delivery mechanisms in achieving regional differentiation and local appropriateness. However, the allocation of resource to Measure 322 is so low as to make it difficult to appreciate any consistency with the overall objectives.

The focus on implementing local development strategies under Axis IV is entirely consistent with the rationale and objectives advanced. However, the rationale for the balance between Measures 411 and 413 is not clear. Weightings for Measures 421 and 431 are consistent with the rationale advanced and the objectives for Leader.

3.4.4 The Consistency of the Measure Texts with the Measure Fiches

The first opportunity the evaluators had to comment on the full set of Measures proposed was provided in the February 2007 draft. In that review the evaluators indicated that the structure of the Measures texts were consistent with the relevant Measure Fiches. However, there were gaps and inconsistencies.

In the May 2007 draft significant improvements have been made. In particular the Measure rationale has been improved in the majority of cases both in terms of consistency with the analysis in Chapters 3 and 4 and in the consistency with the relevant Measure fiche. However, a number of gaps remain, which is most evident in relation to the quantified targets and financing details.

In a number of Measures there are other aspects which would benefit through greater definition or specification. Indicative examples of this include:

- Measure 111: definition of the bodies providing the training and information actions.
- Measure 114: description of the advisory systems and selection procedures.
- Measure 115: the setting up procedures, the status of the service providers and the type of services covered.
- Measure 123: description of the requirements and targets.
- Measure 212: no information is provided with regard to finance, indicators or quantified targets.

- Measure 312: lack of information on addressing the unemployed.
- Measure 323: greater information on the form of support intended.
- Measures 411 and 413: where there is considerable scope to further define and focus what is intended.

Axis IV Measure texts have been substantially developed from the previous iteration reviewed, although Measure 41 together with 411 and 413 lack specificity and would benefit through clearer focus and further development.

There is a tendency in Axis II Measures to focus on the specificities of the schemes though which it is proposed activity is undertaken rather than the Measures themselves. This is most evident in relation to Measures 221, 223 and 227.

Table 3.4 summarises the extent to which the Measure texts were considered to be consistent with the Measure Fiches.

TABLE 3.4: CONSISTENCY OF MEASURE TEXT WITH MEASURE FICHE	
Measure	Assessment of consistency
Axis I	
111 Vocational training and information actions	Substantially
114 Use of advisory services	Substantially
115 Setting up of management, relief and advisory services	Substantially
121 Modernisation of agricultural holdings	Substantially
122 Improvement of the economic value of forests	Substantially
123 Adding value to agricultural and forestry products	Substantially
124 Cooperation for development of new products, processes and technologies in the agriculture and food sector and the forestry sector	Partly
125 Infrastructure related to the development and adaptation of agriculture and forestry	Partly
Axis II	
212 Payments to farmers in areas with handicaps, other than mountain areas	Partly
214 Agri-environment payments	Substantially
216 Non-productive investments	Substantially
221 First afforestation of agricultural land	Partly
223 First afforestation of non-agricultural land	Partly
225 Forest-environment payments	Partly
227 Non-productive investments	Lacks
Axis III	
311 Diversification into non-agricultural activities	Substantially
312 Business creation and development	Partly
313 Encouragement of tourism activities	Substantially
321 Basic services for the economy and rural population	Substantially
322 Village renewal and development	Partly
323 Conservation and upgrading of the rural heritage	Substantially
331 Training and information	Substantially
341 Skills acquisition, animation and implementation of local development strategies	Substantially
Axis IV	
41 Local development strategies	Partly
411 Competitiveness	Lacks
413 Quality of life/diversification	Lacks
421 Cooperation	Partly
431 Running costs, skills and animation	Partly

3.4.5 The Measure Objectives and Rationale; Consistency with the Axis Objectives and Rationale

An assessment of the consistency of the objectives and rationale of the proposed Measures with the Axis objectives and rationale is compromised by the absence of specific rationale and objectives for each Axis. The review of the February draft found that the consistency of Measure objectives and rationale sections with the analysis was an area requiring much more coherence. This has been addressed in part through the inclusion of revised text in Chapter 3 and the tables of priorities in Chapter 4. There has also been an improvement of the rationale text for many of the Measures.

Whilst this section does not seek to comment directly on the quality of the rationale for individual Measures there are examples where this would benefit through improvement. In particular there is frequently a need for a stronger basis in evidence which would help to more clearly demonstrate consistency with the overall analysis. Similarly, this section does not include detailed comment on the quality of the Measure objectives. Nevertheless, in general terms these would benefit through adhering more closely to SMART criteria and in some cases through being more specific to the RDPE objectives.

Table 3.5 presents a summary of the consistency of the Measure rationales and objectives with those of the Axes. The consistency is generally strong, although there are some examples of Measures where this varies between objective and rationale.

TABLE 3.5: ASSESSMENT OF CONSISTENCY OF MEASURE OBJECTIVES AND RATIONALE WITH AXIS OBJECTIVES AND RATIONALE		
Measure	Consistency of Measure rationale	Consistency of Measure objectives
Axis I		
111 Vocational training and information actions	High	High
114 Use of advisory services	Medium	Medium
115 Setting up of management, relief and advisory services	Medium	High
121 Modernisation of agricultural holdings	High	High
122 Improvement of the economic value of forests	High	High
123 Adding value to agricultural and forestry products	High	High
124 Cooperation for development of new products, processes and technologies in the agriculture and food sector and the forestry sector	Medium	High
125 Infrastructure related to the development and adaptation of agriculture and forestry	High	Low
Axis II		
212 Payments to farmers in areas with handicaps, other than mountain areas	High	High
214 Agri-environment payments	High	High
216 Non-productive investments	Medium	High
221 First afforestation of agricultural land	High	High
223 First afforestation of non-agricultural land	High	High
225 Forest-environment payments	High	High
227 Non-productive investments	Medium	High
Axis III		
311 Diversification into non-agricultural activities	High	High
312 Business creation and development	High	High
313 Encouragement of tourism activities	High	Medium
321 Basic services for the economy and rural population	Medium	High
322 Village renewal and development	Low	Low
323 Conservation and upgrading of the rural heritage	Medium	Low
331 Training and information	High	High
341 Skills acquisition, animation and implementation of local development strategies	Low	Medium
Axis IV		
41 Local development strategies	High	High
411 Competitiveness	Low	Medium
413 Quality of life/diversification	Low	Medium
421 Cooperation	High	Medium
431 Running costs, skills and animation	High	High

3.4.6 The Actions Proposed under the Measures; Consistency with the Measure Rationale

The actions proposed under the Measures selected appear to be generally well focused and structured, demonstrating strong consistency with the Measure rationale. There is some variation with actions in some Measures more loosely specified as enabling actions for a range of more specific activity or presented as a range of options (e.g. Measure 122), although this may in part reflect the enabling scope allowed for the regional approach to delivery proposed for Axes 1, 3 and 4. In

other cases the focus and consistency is strengthened through reference to specific needs analysis as a means of enhancing local or sectoral appropriateness.

The main difficulty observed is a lack of detail regarding the actual form of activity envisaged, for example in Measure 123 and the energy crop elements of Measures 221 and 223. In the case of other Measures such as 311 and 313 this is then clarified further through the description of the eligible costs.

Axis II Measures provide very substantial detail on the schemes through which activity is to be implemented.

TABLE 3.6: ASSESSMENT OF CONSISTENCY OF ACTIONS PROPOSED WITH MEASURE RATIONALE	
Measure	Assessment of consistency
Axis I	
111 Vocational training and information actions	High
114 Use of advisory services	High
115 Setting up of management, relief and advisory services	High
121 Modernisation of agricultural holdings	High
122 Improvement of the economic value of forests	High
123 Adding value to agricultural and forestry products	High
124 Cooperation for development of new products, processes and technologies in the agriculture and food sector and the forestry sector	Medium
125 Infrastructure related to the development and adaptation of agriculture and forestry	High
Axis II	
212 Payments to farmers in areas with handicaps, other than mountain areas	High
214 Agri-environment payments	High
216 Non-productive investments	High
221 First afforestation of agricultural land	Medium
223 First afforestation of non-agricultural land	Medium
225 Forest-environment payments	High
227 Non-productive investments	High
Axis III	
311 Diversification into non-agricultural activities	High
312 Business creation and development	High
313 Encouragement of tourism activities	High
321 Basic services for the economy and rural population	High
322 Village renewal and development	High
323 Conservation and upgrading of the rural heritage	Medium
331 Training and information	Medium
341 Skills acquisition, animation and implementation of local development strategies	Medium
Axis IV	
41 Local development strategies	High
411 Competitiveness	Not addressed
413 Quality of life/diversification	Not addressed
421 Cooperation	High
431 Running costs, skills and animation	High

Two of the Axis III Measures - 323 and 331 – demonstrate a strong fit between part of the rationale and objectives but significant elements are not addressed

consistently. In Measure 341 the fit appears to be consistent but is somewhat unclear.

3.4.7 The Identification of Relevant Baselines Relating to the Rationale and Objectives

In our review of the February draft we concluded that there was a need for relevant baselines to be identified and/or referenced throughout the Measure texts. This has been somewhat strengthened through improvements to or further development of the rational text for Measures in this draft. The text relating to Axis II is most comprehensive in this regard.

In the Axes 1 and 3 Measures the rationale generally argues a plausible, consistent and coherent case for the intervention. However, in the majority of cases this is inadequately referenced or linked with the evidence in chapter 3. There continues to be sparse presentation of baseline data.

3.4.8 The Suitability of the Performance Indicators Proposed

A detailed review of the Measure texts found few issues with the indicators proposed, which appear suitable for the Measures concerned. All core indicators are identified against the relevant Measures with the exception of Measure 41 which misses the core output indicator for LAG area. There are also missing indicators at Measure 124 (impact), Measure 125 (result) and Measure 212 (input). Baseline indicators are not presented in the Measure texts. Axis II Agri Environment Measures do not include impact indicators or impact targets.

Programme specific additional indicators have been introduced in some Measures under Axis I and all Measures under Axis II mainly to address voluntary modulation funded priorities. On occasion the direct relevance of these to the Measures in question is not entirely clear; this may be as a consequence of Measure texts not having been amended to reflect voluntary modulation priorities. There are also instances where additional indicators appear to overlap with core indicators and offer little added value. No additional indicators are presented for Axes 3 and 4, which may reflect their dependency on regional delivery.

Notwithstanding these points the main concerns identified relate more to the lack of targets - mainly against result and impact indicators - although some Measures lack any targets at all (e.g. the forest environment Measures and Axis IV Measures).

3.4.9 The Integration of Lessons from Past Programmes

There is considerable variation between the Measures and the Axis with regard to the integration of lessons from past programmes. In the previous review of the February draft the evaluators highlighted the potential to improve the Programme Document by doing more in this regard.

This is clearly best evidenced in Axis II where the Measure rationales and proposals for activities directly reflect previous experience under the ERDP and the associated implementing schemes. Considerable information is provided and lessons are clearly identified, for example in relation to the way in which Measures, their objectives and means of addressing them may be integrated through a scheme such as Environmental Stewardship.

Axis III and IV Measures, and to a lesser extent Axis I Measures, identify that there is previous experience from which lessons have been learned. In many cases this is principally illustrated through reference to the existence of such material in Chapter 3. There is less evidence of specific relevant detail incorporated in to the Measure texts.

3.4.10 The Integration of Environmental Sustainability

The review of the February draft found that there were cases where environmental considerations are not addressed or integrated in Axes 1, 3 and 4 Measure texts. Whilst this has been improved in this draft it remains of some concern where it continues to be insufficiently addressed in a number of Measures.

In general terms the document would benefit from 'proofing' for the incorporation of this aspect across the Axes concerned, particularly those Measures that do not have an overtly environmental focus or objective. For example Measures 311 (Diversification) and 321 (Basic Services) do not identify the environment in the rationale or objectives and only mention it as an issue in the directly environmentally targeted activity.

3.4.11 The Integration of Equality of Opportunity

The Measure texts neither integrate nor make direct reference to equality of opportunity. The gaps are most obvious in relation to Axis I, III and IV Measures where the potential effects are greatest. The lack of such reference was noted in the review of the previous draft in February 2007 and was discussed during a meeting between the evaluators and Defra officials in April 2007. Following this a guidance note on the integration of equality of opportunity was prepared by the evaluators and forwarded to the Plan Team.

3.4.12 Evolution of Draft and Assessment of Progress Made

The evaluators first had sight of the full suite of Measure texts in the February draft and therefore have only had one opportunity to comment fully in advance of reviewing this draft. There have been significant improvements between the two iterations and many of the comments and recommendations from the previous review have been wholly or partially addressed. Particular areas of progress are the fuller population of the Measure texts and the fuller development of the Measure rationale sections. Greater reference is made to evidence and analysis in other chapters and referencing is improved. Stronger links to the analysis of strengths and weaknesses and the identification of priorities is evident. The consistency with Measure Fiches has also been improved, although additional work is required in this area.

An area of concern, which emerges from the way in which the recommendations of the previous review have been addressed, is where there are examples of text being excised rather than the specific issue being addressed.

3.4.13 Evaluator's Conclusions on the Quality of the Measure Texts in the Submission Draft

The quality of the Measure texts is very much improved from the previous iteration and now requires mainly detailed additional work.

The assessment of the various aspects of the consistency of the proposed Measures with the Axis objectives and rationale remains constrained by the absence of specific

text setting out such specific rationale and objectives for each Axis. Rationale text would benefit through stronger referencing, including to baselines. These could also be strengthened in relation to the incorporation of lessons learned.

There remain significant elements where the clarity of what is intended would benefit from greater detail and specification, notably in relation to the scope of activities proposed. Conversely, within Axis II there is a tendency to go into great detail concerning existing schemes through which the Measures will be implemented, rather than focusing on the rationale and scope of the Measures themselves.

Measure objectives would frequently benefit from closer adherence to SMART criteria and in some cases through being more specific to the RDPE objectives.

Equality of opportunity is not integrated into the Measure texts and this remains a concern. There are areas where the integration of environmental elements could be strengthened also.

There are also gaps in the range of indicators and targets presented in the Measure texts, particularly in respect of results and impacts. This needs to be fully addressed.

3.5 Evaluation of the Quantification of the Programme

3.5.1 Issues for Evaluation

The purpose of this area of the Programme is to set out, in quantified terms, the proposed allocation of resources and the consequent outcomes that are expected to accrue at the level of *outputs*, *results* and *impacts*, with the last two categories being particularly important. *Results* represent the observable intermediate economic and environmental outcomes from spending Programme resources, whereas *impacts* represent the net outcome at the level of the Programme area. While it is important to set *impact* targets at the outset of the Programme, the out-turn can only be estimated using evaluation data for *results*.

The main questions for the evaluation in this area are:

- are the performance indicators proposed meaningful, and capable of capturing the main outputs, results and impacts that can be expected to arise from the implementation of the Programme?
- do the targets set appear to be realistic and achievable given the allocation of resources across the Programme?
- do the targets set represent value-for-money?

3.5.2 The Financial Tables

The financial tables outline the financial inputs upon which the quantification of the Programme is based. ***It should be noted that within this sub-section, Table numbers refer to those in Chapters 6 to 8 of the RDPE.***

The financial tables for the Programme are presented in Chapters 6 and 7 of the RDPE dealing with the financing plan and the indicative breakdown by Measure, respectively. A further table summarising additional national financing comprising state aid top-ups and expected expenditure for the old voluntary modulation system is presented in Chapter 8. The tables follow the structure and format specified in the Programme Implementing Regulation 1974/2006. Additional tables have been

provided at Chapter 6, Tables 6-0 and 6-1a. Table 6-0 provides an overall summary of all planned public expenditure, Table 6-1a details the annual EAFRD contribution sourced from voluntary modulation.

Table 6-0 shows percentage EAFRD contributions to the Axes. This aspect of the table is complex in that it includes the allocation from Old Voluntary Modulation in the financial totals but this is excluded in the calculation of the percentage EAFRD allocations by Axis. The table therefore does not demonstrate the actual percentage EAFRD allocations per Axis as directly as it might. Notwithstanding this the Table is accurate and the EAFRD contributions appear consistent with the other financial tables and with the requirements of the Regulation.

Tables 6-1 and 6-1a show the profile of the annual EU allocation from EAFRD, this shows a relatively flat profile over the years of the Programme.

The allocation of resources to the Axes is shown in summary at Table 6-5 (reproduced below). This also provides a breakdown of how Axis IV funds are drawn from Axes I and III and is consistent with the requirements of the Axes minima. Allocations are close to the required minima in Axes I, III and IV and close to the permitted maximum under Axis II, the bulk of Axis IV funding is drawn from Axis III. Additional national financing identified in Table 8-1 is concentrated in Axis II. This overall balance of allocation is consistent with that which is forwarded in the analysis and approach outlined in Chapter 3 of the RDPE.

The allocation of resources to the Axes is shown in summary at Table 6-5 (also presented below), this also provides a breakdown of how Axis IV funds are drawn from Axes I and III and is consistent with the requirements of the Axis minima. Allocations are close to the required minima in Axes I, III and IV and close to the permitted maximum under Axis II. The bulk of Axis IV funding is drawn from Axis III. Additional national financing identified in Table 8-1 is concentrated in Axis II. This overall balance of allocation is consistent with the analysis and approach outlined in Chapter 3 of the RDPE.

TABLE 3.7: ALLOCATION OF RESOURCES BY AXIS			
Axis	Public contribution		
	Total public	EAFRD amount	% of EAFRD total
Axis I	421,545,140	318,877,727	10.4%
Axis II	4,135,973,982	2,413,058,389	78.4%
Axis III	256,499,548	191,183,544	6.2%
Axis IV	212,352,106	153,729,477	5.0%
of which from Axis I	23,653,258	13,017,867	0.4%
of which from Axis III	188,696,848	140,709,830	4.6%
Technical Assistance	2,065,167	1,032,584	0.0%
Total	5,028,435,943	3,077,881,720	100%

The total public expenditure by Axis and by Measure in Table 7.1 is consistent with the proportions and totals shown in summary Tables 6-0 and 6-5. The allocation of resources by Measure is largely consistent with the Axis objectives and rational as discussed in Section 3.4 of this report.

Private expenditure represents 9.7% of the total funds according to the breakdown in Table 7-1. The proportions vary considerably between the Measures and the Axes.

All Axes I and III Measures record private expenditure allocations, Axis II has only one Measure with such an allocation demonstrating the different nature of the support to be provided under this Axis. Axis IV shows no allocation for private expenditure.

The Table below summarises the proportion of private expenditure by Axis.

Axis	Private as a proportion of total expenditure
Axis 1	35.6%
Axis 2	3.2%
Axis 3	35.9%
Axis 4	0
Total	9.7%

Intervention rates vary considerably between the Axes and between the various sources of EAFRD. The Table below illustrates the range between the Axes, this highlights that the concentration of EAFRD funds on Axis II whilst indicating a lower intervention rate. Intervention rates across the other Axes are broadly consistent with each other.

Axis	Contributions			EAFRD intervention rate	
	Total public	Total Private	EAFRD amount	as % of public	as % of public and private
Axis I	421,545,140	233,470,256	318,877,727	75.64	48.86
Axis II	4,135,973,982	159,719,895	2,413,058,389	58.34	48.74
Axis III	256,499,548	144,503,737	191,183,544	74.53	47.67
Axis IV	212,352,106	0	153,729,477	72.39	72.39
Technical Assistance	2,065,167	0	1,032,584	50	50
Total	5,028,435,943	537,693,888	3,077,881,720	61.21	55.29

Axis IV is drawn from Axes I and III.

EAFRD intervention rates in the non-Convergence and Convergence regions are consistent with the levels stipulated in the Regulation.

As with the main Programme allocation voluntary modulation funds are concentrated in Axis II, the proportions reflect the total Axis allocations as required. The intervention rates for the voluntary modulation funds vary between the Axes however with Axes I, III and IV having a 100% rate of EAFRD intervention and Axis II 60%. This is the principal contributory factor in the lower overall EAFRD intervention rate for Axis II shown in the Table above and reflects the higher level of domestic resources committed to this Axis in co-financing the voluntary modulation.

3.5.3 The Suitability of Performance Indicators Proposed

Chapter 12 and its Annex set out the performance indicators for the Programme and the targets which have been set against them. Table 3.10 summarises what is presented.

In the judgement of the evaluators, with the exception of a small number of Measures where activities supported were likely to be diverse, the combination of core and additional indicators proposed should, for the most part, be capable of capturing the most important economic and environmental outcomes. We note some anomalies, however:

- Axis 1 Measures contain indicators for an increase in GVA but no corresponding indicator for gross employment.
- Axis 2 indicators and targets are presented by Measure in the Annex differing from the approach in the other Axes.
- Axis 3 impact indicators are not consistent, an indicator is set for employment creation impact (although no specific target set) implying that impact is anticipated but no target is set for the gross number of jobs created result indicator. Measure 313 contains an employment result indicator but no corresponding indicator for increase in GVA.

As yet no indicators have been set for Axis IV. However, since the financial resources for Axis IV overlap with those for Axes I-III, logically, the indicators (and targets) should overlap also.

There are significant gaps present in the targets presented, this is most apparent in the absence of specific indicators and targets for Axis IV and in relation to the gaps in result and impact indicators, this is concentrated in Axis II.

With regard to the targets set, where output targets are set, these are generally in absolute terms.

In a significant number of cases result and impact targets are defined in terms of a proportional improvement rather than in absolute terms. In the case of results this is frequently on the basis of a proportion of output. It is not clear to the evaluators why an absolute target is not identified rather than the assumption upon which the implicit target is based.

In the case of economic results and impact targets, either no target is set or a proposed monitoring methodology is set out. The evaluators have previously highlighted the methodological difficulties of this approach and proposed a solution.

Axis 2 result targets are imprecise in some cases, this is most obvious in the case of the forestry Measures, 221, 223, 225 and 227.

Additional result indicators set for Axes I and II reflect respectively the expected results of voluntary modulation targeting and the implementation schemes proposed. Additional indicators for Axes I and II designed to capture more Programme specific effects were proposed in previous material reviewed by the evaluators and advice was given on their use, the majority of these appear to have been discarded.

TABLE 3.10: COVERAGE OF PERFORMANCE INDICATORS AND TARGETS		
AXIS I		
	Indicators	Targets
Output	All core indicators against all Measures implemented 5 additional indicators reflecting the voluntary modulation priorities	Targets set against all
Result	3 core result indicators 1 additional indicator	Targets set against all 3 core indicators No target set
Impact	3 core impact indicators	Targets set for 2
Axis II		
	Indicators	Targets
Output	All core indicators against all Measures implemented 4 additional indicators	There are 11 Measure indicators against which no targets are yet set including for where no target is to be set. 1 target set
Result	The core indicator is identified against all Measures 14 additional indicators	Targets are set against all Measures Targets set against 12
Impact	4 core impact indicators with additional subdivisions 3 additional impact indicators	1 with targets, 2 with partial targets, 1 with no targets No targets set
Axis III		
	Indicators	Targets
Output	All core indicators against all Measures implemented	Targets set against all
Result	All 6 core indicators for Axis 1 additional indicator	Targets set for 2 Target set
Impact	3 core indicators	Targets set against 2
Axis IV		
	Indicators	Targets
Output	Not specified	None present
Result	None present	None present
Impact	None present	None present

3.5.4 The Process of Target Setting and the Realism of Assumptions

The process through which targets were set was common for Axes I and III; a different approach was used for Axis II. Axes IV targets have not been set as yet.

For Axes I and III a template spreadsheet was circulated to the Regional Development Agencies on which they were asked to provide indicative estimates of outputs against the Measures they intend to implement in their Region. This was intended to allow for the effects of regional differences in the implementation of the Measures. The basis on which they were asked to provide estimates of output was by estimating an average “product” per £10,000 of spend against each output

indicator under each Measure and enter this in the relevant column of the template. These figures were to be based on RDA experience and the previous ERDP. Guidance was given on comparable schemes where suitable evidence might be available in the absence of directly comparable interventions. On the basis of final budget allocations to each region, Defra calculated estimated expenditure per measure and what that expenditure will buy using the estimates of product per £10,000 provided by the RDAs. This formed the basis of the input and output targets presented.

Axis II output targets have been developed on the basis of the experience of directly comparable schemes which were implemented under the previous ERDP. Where necessary estimates of average outturn against unit cost, average holding size etc were used to allow data collected on an area basis to be converted to a holding basis and vice versa to achieve fit with the units in which the indicators are specified. Similarly results targets have been based on an analysis of the results obtained under the ERDP schemes, matching this to the Measures adopted under this Programme and projecting this forward on the basis of historical uptake of similar schemes and the available budget. A detailed breakdown of the approach adopted is provided in Chapter 12 of the Programme.

Result and impact targets are set for many environmental issues in a situation where, as we have noted, there is no systematic body of evidence linking financial inputs and impacts. Yet there are no qualified targets for economic results and impacts where relevant benchmarks and methodologies for estimating the gross-net adjustment are readily available. This is something of a paradox.

The absence of a meaningful framework of unit costs and benchmarks for results and impacts was always going to create difficulties in assessing the value for money in a Programme that is so heavily skewed towards environmental intervention. This is compounded by the failure to set meaningful targets for economic results and impacts where benchmarks are available to facilitate an assessment of value for money.

3.5.5 Overall Assessment

The Financial Tables include the mandatory set required under the RDR Implementation Regulation. Following revision and explanation, we find the Tables to be internally consistent.

The system of indicators proposed appears capable of capturing most of the important economic and environmental outcomes that are likely to accrue to the Programme. The evaluators are reasonably satisfied with the realism of output targets where these are set. However, in the judgement of the evaluators, further development is required to produce robust targets for many results and indicators. Proper, absolute targets should be set where there is a reasonable basis for doing so.

The failure to set meaningful targets for economic results and impacts has compromised the assessment of value for money where this should have been possible.

3.6 Positive and Negative Impacts and their Incidence

3.6.1 Issues for Evaluation

Since the commencement of the assignment, the evaluators have emphasised the technical challenges involved in quantifying Programmes and the need to assemble evaluation or management information that represent a source of benchmarks or a basis for developing reasonable assumptions.

The evaluation questions in this area are:

- what are the expected economic and social benefits from the Programme?
- what are the expected environmental costs and benefits from its implementation?
- what are the risks to the achievement of these impacts?
- who are the main beneficiaries and what is the likely incidence of any disbenefits?

3.6.2 Anticipated Impacts from the Programme

As discussed in Section 3.5, Defra has elected to produce very few impact targets that are quantified ex-ante. A very small number of environmental impact targets are presented for Axis II.

Some further insight is available through consideration of previous evaluation and the work carried out on the Strategic Environmental Assessment.

The most relevant evaluation where social and economic benefits are concerned is the ex-post evaluation of LEADER II in England and Wales. Some benchmarks for economic impact are available from this evaluation. Indexing these benchmarks to 2010 (the average year for the Programme) suggests that the likely public sector cost per net additional job for different classes of activity may be in the region of:

- £500,000 Training.
- £75,000 Micro-business Development.
- £150,000 Tourism.
- £140,000 Small-scale environmental.
- £1,250,000 Farm Productivity / Diversification.

These benchmarks are potentially most relevant to Axes I and III.

The SEA highlighted that there is not currently a systematic body of evidence that will enable quantified estimates of environmental impact to be made. The SEA provides an essentially qualitative assessment of prospective environmental outcomes from the classes of action envisaged under the Programme Measures. These do not take into account the relative scale of funding for the Measures.

Axis I

Axis I is primarily concerned with diversifying and improving the productivity of land-based activities, although some investments (e.g. in relation to forestry, slurry stores and training) will also produce environmental benefits. The scale of environmental benefits is likely to be modest given the limited funding for Axis I.

As regards Axis I, the benchmarks, allied with the relatively small financial allocation suggests that the employment impact from interventions in the agricultural and forestry actions will be modest. The yield of net employment outcomes from farm productivity and diversification actions is relatively low. This because these interventions tended to produce support for farm incomes where there was a fixed workforce, often family members. This perspective tends to be confirmed by material presented in the evidence base which points to the importance of the diversification of land based activity in supporting farm incomes.

Axis II

The actions under Axis II are primarily revenue subsidies, although there are some limited allocations of development funding.

The process of spending these funds will support farm incomes and will support trades related to environmental management. Given the scale of funding proposed for this Axis, these employment effects will not be insignificant, but will tend to be temporary without the identification of future revenue flows from the public sector or the creation of a functioning market for these services.

Axis II is likely to produce large scale environmental impacts, reflecting both the classes of action supported and the allocation of the preponderance of Programme resources, to the agri-environment payments Measure, in particular. However, the work on the SEA highlights the unavailability of evidence on the likely relationship between inputs and outcomes. Accordingly, it is not possible to assess impacts in this area other than on a qualitative basis.

Axis III

The actions supported under Axis III are primarily support for farm diversification, a relatively small amount for local business and tourism development and small amounts towards actions with a social benefit.

The evaluation benchmarks and the limited resource envisaged for this Axis suggests that the socio-economic impact will be modest and most profound where resources are targeted on enterprise actions.

Environmental impacts arising from Axis III will be relatively limited, reflecting both the classes of action and the small scale of resourcing.

Summary of Social, Economic and Environmental Effects

Table 3.11 summarises the anticipated impacts by Measure, taking into account both the characteristics of the actions supported and the allocation of resources.

TABLE 3.11: PROSPECTIVE IMPACTS ASSOCIATED WITH THE PROGRAMME MEASURES					
	Public Resources (Eur)	Environment	Social	Economic	Observations
Axis 1					
Vocational training and information actions	96.4 m	Medium	Low	Low - Medium	Potential for positive environmental impacts based on biodiversity management in all training and moderate potential for economic impacts constrained by overall resource.
Use by farmers and foresters of advisory services	4.0m	Low - Medium	Low	Low	Central aim of the Measure is to assist farmers and foresters to improve the sustainable management of neglected woodlands. Very limited resources suggest that the environmental impact will be modest and potential economic benefits constrained.
Setting up of farm management, farm relief and farm advisory services	4.1m	Low	Low	Low	Aim is to improve the value generated from forests. Potential economic impacts but likely to be very modest given scale of resources. Neutral impact on the environment.
Farm modernisation	59.7m	Medium	Low	Low - Medium	Environmental benefits surround potential contribution to nature conservation and biodiversity, water management infrastructure and climate change. But some potential negative impacts associated with landscape, loss of historic features and access to countryside. Some potential economic benefits but more likely to be income supporting rather than employment bearing.
Improving the economic value of forests	16.8m	Low-Medium	Low	Low	Environmental impacts derived from Measure contribution to nature and conservation, climate change, soil management and access to countryside recreation. However, resources very limited.
Adding value to agricultural and forestry products	150.7m	Not known	Low	Low - Medium	Not enough detail provided of potential project types to assess likely environmental impacts. Some economic impacts likely. On farm, these are more likely to be income-supporting than employment bearing.

Cooperation for the development of new products	71.4m	Not known	Low	Low - Medium	Not enough detail provided of potential project types to assess likely environmental impacts. Some economic impacts likely. On farm, these are more likely to be income-supporting than employment bearing.
Infrastructure related to the development and adaptation of agriculture and forestry	18.4m	Low	Low	Low	Low-level environmental impacts largely confined to objectives around nature conservation and diversity and water quality/management. Low potential for economic impact given scale of resources.
Axis 2					
Payments to farmers in areas with handicaps, other than Mountain Areas	238.0m	Medium - High	Low	Low - Medium	Targeted at English Uplands, environmental impacts confined to nature conservation and biodiversity impacts, and enhancement of landscape. Limited economic and social benefits from secondary impacts.
Agri-Environment Payments	3,394.4m	High	Low	Medium-high	Potentially strong environmental impact associated with range of objectives, particularly in relation to conservation, biodiversity, water management and historic features. Unlikely to be efficient in generating economic benefits, but deployment of large resource will produce modest results. Where internalised by farmers, effects likely to be income-supporting rather than employment-bearing. Where resources are used to hire contractors, employment will be supported for the duration of the public expenditure flow.
Support for non productive investments	266.2m	Medium	Low	Low	Impacts similar to those of HLS, with very strong positive impacts across the environmental board. Limited economic impact given form of investment.
First afforestation of agricultural land	149.2m	Low - Medium	Low	Low	Some modest positive environmental impacts based on objectives relating to enhanced biodiversity, recreation, water, heritage and landscape. Economic benefits will be modest given scale of resource and dependent upon location of planting.
First afforestation of non agricultural land	19.3m	Low	Low	Low	Some modest positive environmental impacts based on objectives relating to enhanced biodiversity, recreation, water, heritage and landscape. Economic benefits will be low given scale of resource and dependent upon location of planting.

Forest environment payments	19.7m	Low-Medium	Low	Low	Potentially strong environmental impacts associated with sustainable management of woodlands and forests, including positive impact on water quality and environment. Limited potential for secondary social and economic impacts. All constrained given level of resources.
Support for non-productive investments	49.1m	Low-Medium	Low	Low	Potentially strong positive environmental impacts but limited financial scale. Limited economic impact given form of investment.
Axis 3					
Diversification into Non Agricultural Activities	118.2m	Low	Low	Low-Medium	Not possible to predict the likely impacts with confidence as activities will depend on local circumstances. Potential for modest economic benefits associated with economic and employment opportunities given scale of resources, more likely to be income-supporting than employment-bearing.
Support for the creation of micro enterprises	54.0m	Low	Low	Low-Medium	Modest positive and negative environmental impacts likely to be associated with support for business start up. Potentially relatively efficient in generating employment effects, but limited by small resource.
Encouragement of Tourism Activities	38.7m	Low	Low-Medium	Low	Not possible to predict the likely environmental impacts with confidence. Could occur around conservation and historic buildings. Economic benefits associated with tourist spend likely to be limited by limited resourcing and high potential for displacement.
Basic services for the economy and rural population	19.5m	Low	Low-Medium	Low	Positive impacts associated with community objectives although may be fairly limited given level of resource.
Village renewal and development	0.2m	Low	Low	Low	Very limited resources resulting in negligible impacts on rural communities.
Conservation and upgrading of the rural heritage	9.2m	Low	Low	Low	Support for a range of activities to conserve the rural heritage is likely to be limited to small-scale community benefits. Minor temporary employment benefits from contracting likely.

Training and information for economic actors	9.8m	Not known	Low-Medium	Low	Not possible to anticipate likely environmental impacts given that projects will be very location specific. Potential social and economic gains from capacity building, but constrained by resourcing.
Skills acquisition and animation with a view to preparing and implementing a Local Development Strategy	7.3m	Not known	Low-Medium	Low	Not possible to anticipate likely environmental impacts given that projects will be very location specific. Potential social and economic gains from capacity building, but constrained by resourcing.

Potential for Negative Environmental Impacts

Work on the SEA suggests that the potential for negative environmental impacts is relatively limited and, for the most part, diffuse. Potential for negative impacts was highlighted in relation to:

- modernisation of agricultural holdings.
- diversification into non-agricultural activities.
- support for the creation of micro-enterprises.
- support for tourism development

3.6.3 The Main Beneficiaries from the Programme

The main beneficiaries from the Programme are as follows:

Farm and Forestry Businesses, their Owners and Workforce. This group will obtain the most direct benefit from the Programme in the form of subsidy payments and development funding.

Rural Businesses, their Owners and Workforce. This group will obtain a modest direct benefit through the allocation of development funding under the Programme. However, they will also benefit indirectly through the generation of demand for environmental goods and services and also from spending of enhanced farm income.

Rural Communities will be more sustainable as a result of the economic benefits accruing to land-based and other rural businesses. Communities will also benefit directly from the modest investment in capacity-building and in local social and environmental projects.

The General Public will obtain a diffuse benefit from the generation of environmental public goods. Some members of the public will benefit more directly from consumption of the economic and environmental goods produced by the Programme, for example, through tourism and leisure activities in the managed environment.

3.6.4 Risks to Achievement of Prospective Impacts

The types of action supported under Axes I and III are relatively well understood. These actions can be expected to produce economic, social and environmental outcomes that are modest in scale. The main risks to their achievement lie in the overall performance of the economy and the efficiency of delivery mechanisms.

The prospective economic impact from Axis II is mainly a function of distribution of subsidy but also some development investment where the prospective outcomes are relatively well understood, albeit not quantified at this stage. There is a relatively low risk to the achievement of the associated economic impact.

While the types of prospective environmental impact from Axis II are reasonably well understood, there is at present little information that will allow forecasting of impact from a given level of financial input. Accordingly, the risk to achievement is relatively high, both because of the uncertain yield of impact and also because of the very high skewing of resources towards Axis II and agri-environmental schemes, in particular.

3.7 Community Added Value

3.7.1 Issues for Evaluation

The purpose of this area of the Programme is to identify the value-added that will accrue to Community support. The main questions for the evaluation in this area are:

- does the Programme Document explicitly identify the forms and scale of Community Added Value (CAV) that is expected to arise?
- in the absence of such identification, what, in the judgement of the evaluators are the main forms of CAV that are to be expected to arise?

3.7.2 Evolution of Text on Community Added Value

Neither the November 2006 nor the February 2007 drafts made explicit reference to Community Added Value. The ex-ante evaluators subsequently highlighted good practice in this field and the importance that the Commission places on the visibility of the Funds and the need for them to add value over domestic interventions.

CAV may take a variety of forms, including:

- additionality of the activities supported and outcomes achieved, in terms of scale, quality and process added value, such as partnership, multi-annual planning, monitoring and evaluation culture, etc.
- any particular EU policy initiatives that have been added to domestic policy through the Programme e.g. the formalisation of the cross-cutting themes of environmental sustainability and equal opportunities.
- support for innovation and risk-taking under the Programme that may not be supported under domestic regimes.
- added value from exchange of good practice and from networking at a regional, national or international level.

3.7.3 Evaluation of the May 2007 Draft

The May 2007 draft still makes no explicit reference to Community Added Value.

Overall Assessment

In the judgement of the evaluators, there is substantial CAV in the Rural Development Programme for England, but this needs to be drawn out. This includes:

- scale and qualitative additionality within the agendas to which the Axes contribute, in particular the very substantial contribution to resourcing of shared EU and UK environmental objectives.
- the particularly strong partnership and subsidiary in the rationalised implementation of Axes I and III.
- the strengthening of local capacity and community engagement in addressing rural disadvantage through use of the Leader approach.
- the inter-regional co-operation and networking benefits from the envisaged national and Leader networks.

3.8 Evaluation of Implementation Arrangements

3.8.1 Issues for Evaluation

The implementation arrangements for the RDPE should provide details on the following areas:

- Appraisal under competition rules and the list of State aid schemes.
- Complementarity with the measures financed by the other Common Agricultural Policy instruments.
- National and regional management arrangements.
- Description of the monitoring and evaluation systems and the composition of the Monitoring Committee.
- Provisions to ensure publicity of the Programme.
- Promotion of environmental sustainability.
- Equality between men and women and non-discrimination.
- Technical assistance operations.

In addition to these regulatory requirements, the evaluators provided a checklist for Defra, covering the various aspects of the implementation arrangements. Our role as evaluators has been to review the contents of the implementation arrangements and provide the following:

- conclusions on the quality of the implementation procedures.
- assessment of the evolution of the draft Programme and progress made.
- information on how the managing authorities took into account the results of the ex-ante evaluation.

3.8.2 Evolution of the Implementation Arrangements

The November 2006 submission contained very little information on the implementation arrangements, beyond the designation of Defra as the Managing Authority. A second draft in February 2007 was more substantial, with an expanded section on the management arrangements and with new material on complementarity, publicity, equality and non-discrimination, and technical assistance. However, we noted that additional material was required in most of the areas outlined above. Given the lack of detail presented, the evaluators produced no formal response to the material generated.

3.8.3 Evaluation of the May 2007 Draft

General

The first substantial version of implementation arrangements was submitted in May 2007. All the aspects of implementation were addressed. However, the draft lacked some precision in a number of areas, including the management of State aid, complementarity with other EU funds and management arrangements. We comment on each of the areas below.

State Aid

The evaluators are of the view that the material presented is satisfactory for submission purposes, although more clarity should be provided with regard to the methods that will be adopted to monitor conformity with State aid regulations.

Complementarity with Other Community Support

The provisions for complementarity would benefit from the provision of more detail. The material is presented at a very high level and in the form of commitments rather than concrete arrangements. There is no indication of the scope of the Structural Funds, the EFF and the EAGF and no appraisal of complementarity. In addition, no provisions have been set out for Axis II, which will be delivered and co-ordinated centrally.

National and Regional Management Arrangements

The May 2007 submission includes the following elements:

- designation of the Managing Authority.
- designation of the accredited Paying Agency.
- designation of the Certifying Body.
- description of the national and regional management arrangements.

No information has been presented at this stage on the project selection process, or concerning expert or peer group appraisal. There are no explicit provisions for large or contentious projects or for situations where an overbid may occur. Similarly, the criteria against which projects will be selected, including consideration of equal opportunities and environmental sustainability, are not yet specified. These issues could be left to a decision of the Programme Monitoring Committee.

The passage on the delivery of the Leader approach is very brief: the involvement of Natural England and the Forestry Commission in the delivery at the regional level is not specified. The draft does not explicitly take account of past Programmes and the lessons learned. This would help to identify issues relating to communication between the Managing Authority and the partnership, the handling of applications, and the payments process.

Monitoring and Evaluation Systems

Evaluation of the range and appropriateness of the performance indicators is provided in Section 3.5.

The presentation of the monitoring and evaluation arrangements is incomplete. The text should state the frequency with which progress will be monitored following the final claim stage. There is no information on lessons from past Programmes and to strengthen this area of implementation. Proposals for verifying the integrity of monitoring data and for the independent appraisal / evaluation of large and / or contentious projects are not set out at this stage.

Proposals for the current Monitoring Committee appear representative, although there is a need to be more explicit about whether it is envisaged that all of the identified participants will be members of the Monitoring Committee for 2007-13.

Programme Publicity

The publicity provisions set out in Chapter 13 are generally satisfactory. However, it would be helpful to identify an indicative budget for publicity measures.

Environmental Sustainability

Although environmental sustainability is not required to be integrated as a formal cross-cutting theme in the RDPE, the EAFRD Regulation states that sustainable development is an integral part of the rural development policy.

The Programme develops environmental sustainability provisions at a high strategic level in Chapter 4 but it would be good practice for this issue to be interpreted and integrated at the level of Axes and Measures. The environmental sustainability dimension could be made more explicit in respect of Axes 1, 2 and 4, where its successful integration will depend on the selection and delivery of projects.

Equality between Men and Women and Non-discrimination

There could be a more effective presentation of equal opportunities issues in the Programme generally. It would be helpful to indicate how gender equality and non-discrimination will be promoted at the various stages of implementation, including project selection criteria. The implementation arrangements do not at present make provision for this agenda to be monitored and evaluated.

Technical Assistance

Overall, this section appears satisfactory and – with the exception of an incomplete paragraph (16.2.1.4 – no financial contribution is specified) requires no additional work.

Overall Assessment

The ex-ante evaluators had limited input into the formulation of the Implementation Arrangements chapters, the May 2007 version containing the first full draft.

Although there are some gaps, the implementation arrangements have now been presented in a fairly substantial form. In the judgement of the evaluators, the key areas requiring further development are the Chapters on complementarity with other Community Funds, the arrangements for monitoring and evaluation, and a more comprehensive representation of equal opportunities issues.

3.9 Consultation

3.9.1 Issues for Evaluation

The purpose of the consultation process is for interested parties to contribute to the preparation of a programme, both in terms of the formulation of Programme priorities and more detailed provisions concerning content and implementation.

The Implementing Regulations requires that the Programme text contains the following elements:

- designation of the partners consulted.
- results of the consultation, including dates of consultation and the time given to comment, and an indication of the extent to which the views received have been taken into account.

As ex-ante evaluators, our task has been to:

- evaluate the scope, suitability and other aspects of the consultation process.
- draw conclusions about the degree to which the consultation process influenced the shape of the Programme.

3.9.2 Evolution of Consultation Process

At the time the ex-ante evaluation was commissioned in December 2005, Defra had a draft consultation strategy paper in an advanced state of development and this was the subject of a public consultation between February and May 2006.

The consultation strategy was based upon existing UK policy perspectives rather than being developed from first principles in response to the Rural Development Regulation (RDR). As opposed to being structured around the Priority Axes of the RDR, the consultation strategy was based around three themes:

- Enhancing the Environment and Countryside.
- Making Agriculture and Forestry More Competitive and Sustainable.
- Enhancing Opportunity in Rural Areas.

The evaluators noted that the strategy provided a useful outline of the intended direction of the ERDP, although it was noted that there was a need to clarify how the theme based strategy would operate in the context of the Programme Document which would need to reflect the structure of the RDR. A number of areas were highlighted where a greater level of elaboration would be necessary in developing the NSP and the Programme Document.

An interim response was published in September 2006 and subsequently contributed to the preparation of the NSP and the preparation of the RDPE. A further consultation process was begun on publication of the Draft RDP in April 2007 with a deadline for responses set for July 2007.

3.9.3 Evaluation of the Consultation Process

Comments on the contents of the consultation strategy draft above notwithstanding, in the view of the evaluators the initial consultation process carried out in 2006 has met the requirements set out in the Implementing Regulations. A very wide range of organisations were consulted and this was reflected in a high number of written responses (268). The time period of the consultation (three months) is deemed a reasonable length of time for interested parties to respond.

Reporting of the consultation response has been carried out in some depth through a document that provides a qualitative analysis and discusses the issues raised by respondents in reasonable depth. This has been made available for public consumption through Defra's website, along with a summary document that effectively reports on the key issues raised in the consultation.

It is clear to the evaluators that some of the issues raised in the consultation have been reflected, at least in part, in later drafts of the NSP and the RDPE, notably demands for:

- a greater emphasis on the role of the Programme to assist rural areas in adapting to and addressing the effects of climate change.

- the promotion of sustainable energy through support for business development and growing energy crops.
- the development of new markets and new value added products focused on renewable energy, non-food crops and high value food products.
- enhancing economic opportunity in rural areas, in terms of support for disadvantaged groups and exploiting the economic value of environmental quality.

However, some perspectives have not been reflected, notably:

- concerns around the commitment to the Environmental Stewardship scheme for the budget for the Programme as a whole, and the implications for funding of socio-economic activities.
- demands for a higher profile for fair access to services for disadvantaged communities was identified as requiring a higher profile.
- demands for targeting of funding to ensure that disadvantaged areas/people were not excluded from support.

Given that the second consultation is ongoing, it is not possible to report on the process as part of the ex-ante evaluation.

3.9.4 Overall Assessment

Although the consultation process is usually driven by the production of the draft Programme Document, the evaluators appreciate the potential benefits associated with a two stage approach carried out at the beginning of the Plan process and on completion of a Draft RDPE. In the evaluators' view, the initial consultation process was carried out in accordance with the Implementing Regulations. A comprehensive range of organisations was consulted, reflecting a range of rural issues.

The adjustment of the focus of the strategy and content of the Programme in response to the first consultation has been selective. On the basis of our reading of the evidence and the potential for funding rural development from mainstream sources, the evaluators would have been unsurprised if a higher level of resource had been allocated to Axis III and if proposals had been advanced to prioritise relatively disadvantaged rural areas, for example, through a greater focus on Defra's PSA4 Target Areas.

Delays in the production of the Programme Document have meant that the results of the second consultation period have not been reflected in the submission draft. The responses to the consultation should be available to inform negotiation of the Programme.

3.10 Conclusions and Recommendations on the Submission Draft RDPE

A complete draft of the Programme Document for the Rural Development Programme for England 2007-13 has now been assembled. In the judgement of the evaluators, the document contains the elements prescribed in the Implementing Regulation and represents a viable basis upon which to commence negotiations.

There are a number of strengths to the draft Programme Document and its process of preparation. We would highlight in particular:

- it is well grounded in the relevant EU and UK policy contexts, although this could be more effectively demonstrated.
- it contains a clear and bold strategy involving a primary focus on the generation of environmental public goods.
- a plausible rationale is advanced for the radical distribution of resources across the Programme which takes account of other domestic funding streams, although the justification of this could be strengthened further.
- although not identified explicitly in the Programme Document, in the judgement of the evaluators, the Programme offers considerable Community Added Value.
- there has been a good level of partnership with key stakeholders and regional interests that has influenced the form of the Programme Document, although wider consultation is presently underway.
- there has been a substantive and participative SEA process.

The evidence base has significantly improved since the first draft, but would benefit from fuller analysis of trends and regional analysis. There remains insufficient discussion of the equal opportunities agenda. Notwithstanding these caveats, in the judgement of the evaluators, the analysis of the Performance of the Agricultural, Forestry and Food Sectors and Environment and Land Management provide a plausible portrayal of these dimensions of rural England. By comparison, the General analysis and those on Quality of Life and the Leader approach are weaker, although the diversity of circumstances across rural England is better reflected than before.

The analysis of Strengths and Weaknesses linked to Needs and Potential for Rural Development is, in the judgement of the evaluators, a relatively weak instrument for synthesising and drawing strategic conclusions from the evidence base compared with a formal SWOT analysis.

The Strategy now provides a reasonable qualitative picture of what Defra wishes to achieve with the Programme although the clarity of the presentation is compromised by the author's perception of the Implementing Regulation as a rigid template. In the judgement of the evaluators, it is quite well grounded in the evidence base, but there remains considerable scope to strengthen the links between the available evidence and the rationales for the Axes. A notable omission is a conventional hierarchy of Global and Specific Objectives, although the latter appear to be implied in what Defra identifies as "priorities".

A plausible explanation is provided for the radical allocation of resources although there is scope for strengthening this through further quantification of the funding for those mainstream initiatives that Defra argues will fund actions that might otherwise have been supported under Axes I and III. The evaluators are less confident than Defra that agricultural diversification, other rural development and quality of life actions will be a high priority for mainstream regional development resources, and, accordingly, would have been unsurprised were there a larger allocation to Axes I and III, greater targeting of disadvantaged rural areas, possibly on the basis of Defra's PSA Target 4, and broader application of the Leader approach than appears to be envisaged.

The Measure texts are substantially developed and mainly require detailing around important issues:

- strengthening of the rationale texts in the light of previous experience and to better connect with Axis rationales and objectives.
- the refinement of the objectives in line with SMART principles.
- better integration of equal opportunities and environmental sustainability, where appropriate.
- better integration of the Leader approach, where appropriate.
- addressing remaining gaps in indicators and targets.

The resource allocation within the financial tables is consistent with the argument advanced in Chapter 3 of the RDPE. Following revision and explanation, we find the Tables to be internally consistent.

The system of indicators proposed appears capable of capturing most of the important economic and environmental outcomes that are likely to accrue to the Programme. The evaluators are reasonably satisfied with the realism of output targets where these are set. However, in the judgement of the evaluators, considerable further development is required to produce robust targets for many results and indicators. Proper, absolute targets should be set where there is a reasonable basis for doing so.

Reflecting the relatively small allocation of resources and the nature of the interventions, Axes I and III will produce modest environmental and economic benefits and limited social benefits. The large scale of resources deployed under Axis II means that the economic impact will be significant. However, this will be skewed towards enhanced farm incomes rather than employment creation. Employment effects are likely to be temporary unless revenue streams are identified to sustain environmental management activities beyond the life of the Programme. Axis II is likely to produce significant environmental impacts, but there is at present no substantive body of evidence linking inputs and impacts that can be used to quantify this or the value for money represented.

For the most part, the proposals on implementation arrangements require minor refinement. In the judgement of the evaluators, the key areas requiring further development are the Chapters on complementarity with other Community Funds, the arrangements for monitoring and evaluation and a more comprehensive representation of equal opportunities issues.

The evaluators believe that most of the shortcomings identified can be addressed fairly easily given time and a resolve to work through the issues thoroughly. Appreciating the need to submit the Programme Document imminently, we recommend that the Partners continue to work on the areas highlighted ahead of negotiations.

4 EX-ANTE EVALUATION OF THE STRATEGIC ENVIRONMENTAL ASSESSMENT

4.1 General

Work on the Strategic Environmental Assessment (SEA) has been proceeding since February 2006 and has been carried out by environmental specialists working in parallel with the ex-ante evaluators.

SEA methodology has been developed for use in the context of plans which have a strong land-use planning component and where it is possible to clearly identify the environmental resources involved, such as land for the construction of a given number of houses or of an industrial estate, and then to assess the environmental implications of a different range of locations for the developments. Large scale plans involving revenue actions and where the location of their application is unclear at the outset are a very different proposition.

Review of the SEA Scoping Report reveals that the methodology applied to the RDPE has endeavoured to take this very different context into account. In doing so, it has sought to draw lessons from the recent application of SEA methodology to Regional Economic Strategies. The approach appears to have preserved much of the structure and spirit of conventional SEA, involving:

- preparation of an environmental baseline.
- production of a Scoping Report and consulting with competent environmental authorities.
- preparation of an Environmental Report and consulting on it.

In addition, a Steering Group has been formed to guide the work involving a cross section of environmental interests including English Nature, Environment Agency, English Heritage and the Countryside Agency; Natural England was a Member latterly.

Overall, the approach taken appears reasonable to the ex-ante evaluators.

4.2 The Environmental Baseline

An environmental baseline has been produced covering appropriate environmental dimensions:

- Population and Human Health.
- Biodiversity & Nature Conservation.
- Landscape & Cultural Heritage.
- Water.
- Soil.
- Climate Change.
- Waste & Material Assets.
- Tourism & Countryside Recreation.

The data used are mainly drawn from secondary sources, but much of the analysis is bespoke and interpreted in a manner that is relevant to the RDPE. Most of the data presented are at the England level but some is at the UK level, reflecting its availability from published sources.

Some environmental issues, (e.g. climate change) are global in character, but others (e.g. waste management) may be expected to have spatial characteristics below the England level. There is no systematic analysis at regional level, which would have been helpful in identifying disparities. However, for some data sets maps are provided showing the distribution of phenomena.

The key points are drawn out effectively at the end of each section of the baseline.

The ex-ante evaluators would counsel caution regarding interpretation of the material cited concerning links between environment and economic phenomena. In particular, research is quoted along the lines “60% employment in tourism is dependent upon a high quality environment”. The degree of dependency is not established nor the sensitivity of employment to marginal changes in environmental quality. It is important to bear in mind that “a high quality environment” is a very broad concept and that many of the environmental investments envisaged under the RDPE (e.g. in controlling nitrates) will have very limited leverage on the concept of “high quality environment” upon which tourism is argued to depend.

4.3 The Scoping Report

The Scoping Report sets out the proposed approach to the SEA and was the subject of consultation before work commenced on the Environmental Report.

In a concise text, it sets out:

- the context of the RDPE, including the reform of the CAP, the Rural Development Regulation and Defra’s strategy proposals (based upon themes as in the Consultation Strategy).
- the stages in the SEA process, its alignment with development of the RDPE and with the ex-ante evaluation.
- the policy context and relevant learning from past Programmes.
- a summary of environmental dimensions and their likely linkage with actions under the RDPE.
- development of assessment criteria, the consideration of options, extending SEA to delivery and monitoring issues.

A limited number of consultation responses were received, generally affirmative of the approach. This may have reflected the fact that the main environmental stakeholders were represented on the Steering Group and had an opportunity to comment on a draft of the Scoping Report. Feedback from the Environment Agency resulted in some modification of the assessment criteria, particularly as regards water issues.

4.4 The Environmental Report

Review finds that the Environmental Report builds on material already developed in the Environmental Baseline and the Scoping Report. The heart of the Environmental Report is a series of matrices covering the main classes of intervention envisaged under the RDPE. For each class of intervention, the potential consequences for each dimension of the environment are assessed, together with the scope for mitigating effects.

The assessment of environmental consequences appears to be almost exclusively based upon qualitative judgement and environmental specialists note that the absence of a systematic and quantified body of evidence on the relationship between actions of a given scale and environmental outcomes had been a significant impediment in preparing the SEA.

The ex-ante evaluators' review of the qualitative judgements on the likely consequences of action under different areas of the RDPE suggests that these are plausible and measured. Where social and economic outcomes are concerned, the expectation is generally for modest effects, which we see as consistent with our experience of evaluation of rural development interventions. What is not always clear to the evaluators is whether a judgement of "a strong positive impact" refers to an absolute impact or an impact relative to those related to other dimensions of the environment. This has been compounded by the fact that the SEA has been undertaken without definitive information on the balance of resources in the Programme.

The unavailability of good quantified evidence presents a significant challenge to the development of the Programme. Its absence means that, both for the Programme authors and the ex-ante evaluators, it is difficult to arrive at an objective judgement on the allocation of resources across the Axes and Measures and an assessment of the value for money that the proposed interventions represent.

Alternatives have been considered in terms of variation of the weighting of action across the Axes of the Programme and the overall pattern of environmental effects that would accrue. In the judgement of the evaluators, the assessment appears plausible.

4.5 Consultation

At the time of the production of the Final Report on the ex-ante evaluation, a formal consultation on the Environmental Report and the draft Programme Document is under way. The Environmental Report is annexed to the ex-ante evaluation Final Report. The Environmental Report will be amended and an Environmental Statement will be produced taking account of the consultation responses. The responses may also lead to refinement of the Programme Document.

The ex-ante evaluators would normally comment on the consultation responses and the extent to which these are reflected in the Programme Document submitted to Brussels. This is not possible on this occasion as the consultation is currently under way.

4.6 Conclusion

The ex-ante evaluators conclude that the approach to evolving SEA methodology to a large scale Programme like the RDPE is sound. The involvement of competent environmental authorities on its Steering Group has been beneficial in ensuring its wide acceptance. Some further regional analysis of environmental phenomena and the potential incidence of effects may have been beneficial. Nevertheless, within the limits of the available information, the Environmental Report produced appears to be of a good standard and to provide a fair indication of the type and relative significance of the potential environmental consequences arising from implementation of the RDPE.

ANNEX 1: THE ENVIRONMENTAL REPORT

Strategic Environmental Assessment of the Rural Development Plan for England, 2007-2013

Annex I: Environmental Baseline April 2007

Fraser Associates

Introduction

The Rural Development Plan for England 2007-2013 (RDPE) is subject to a Strategic Environmental Assessment (SEA). A number of stages are required as part of the SEA process, including the description of the environmental situation in which the Plan will be delivered.

This is Annex I of the Environmental Report. It has been developed to provide that description. A summary of the material presented here is included in the Environmental Report, and there is a high degree of consistency between this baseline and the information provide in Chapter 3 of the RDPE itself.

As far as possible, the material presented has been developed to reflect the issues which are most directly relevant to the activities likely to be supported by the RDPE. Trend data is presented at national (English) level wherever possible.

Some 70% of England's land areas is used for farming, so the management of farming is critical for the environment. That relationship has been changing, most evidently since the Second World War, as mechanisation and intensification altered farming practices.

These changes have been associated with a loss of wildlife habitat and distinctive landscape features, and by an increase in the use of fertilisers which have impacted on water pollution. Production subsidies, provided through the EU Common Agricultural Policy, tended to add further weight to these trends.

Levels of, for example, farmland birds – a headline indicator of sustainable development in the UK - remain well below those recorded as recently as the 1970's, although the long-term decline has now stabilised. Agriculture is also responsible for levels of key water pollutants and for greenhouse gas emissions which are proportionally much higher than its contribution to the economy.

Nonetheless, significant proportions of land designated as National Park and as Sites of Special Scientific Interest are also farmland – around 80% and 50% respectively - showing that farming has a strong relationship with protected areas and landscapes.

Agriculture entails external costs and benefits that are not reflected in farmers' costs or revenues. It has been estimated¹ that the environmental services provided by agriculture in the UK are worth just over £1 billion annually. The same study suggests, however, that the environmental costs are somewhat greater. Farmers lack the incentive to account for these benefits and costs, so that the market fails to deliver the level of environmental goods the public demands.

The RDPE, in line with Government policy, seeks to change the management of farming and wider rural development, so as to improve the connections between environmental, social and economic impacts, in line with the overall aim of sustainable development. Further sections in this profile

¹ *Framework for Environmental Accounts for Agriculture*, Eftec report for Defra, 2004

examine these issues in more detail, following the issues required by SEA legislation, together with other sections most relevant to the RDPE. Key points are drawn out at the end of each individual section, and a synthesis of those points is provided at the end of this Annex.

1. Population
2. Human Health
3. Biodiversity & Nature Conservation
4. Woodlands
5. Landscape & Cultural Heritage
6. Water Management
7. Soil Management
8. Climate Change
9. Waste Management
10. Tourism & Countryside Recreation
11. Agri-Environment Schemes
12. Social and Economic Impacts

1. Population & Human Health

Of the total population in England, 19% (or 9.5 million people) live in rural areas. Of these, 6% (610,000) live in areas where the surrounding region is particularly sparsely populated, with the remaining 94% (8.9 million) living in small towns, villages and hamlets or isolated dwellings in less sparsely populated areas.^{2,3}

There is a markedly higher proportion of older people in rural areas compared with urban and a significantly lower proportion of young people aged between 18 and 29. This is even more pronounced in sparsely populated rural areas.

A key feature of rural areas in England is the interplay between economic, social and environmental factors in determining quality of life decisions. Quality of life has been found to be a prime reason for both local and incoming families to move into and stay in rural areas, whilst research has suggested that 38% of the change in population can be accounted for by indicators of environmental quality⁴.

However, it can be difficult for rural areas, particularly those furthest from major conurbations, to maintain the presence of young skilled workers, which may in turn affect the location decisions of firms, and many rural areas, are characterised by high rates of out-migration amongst young adults as well as high rates of in-migration, particularly among the “over 30s” and, in sparsely populated areas, the elderly and retired. In many rural areas where there is in-migration of professional and managerial ex-urbanites, a net out-migration of skilled and unskilled workers has also been identified⁵.

Of those migrating to a rural area, nearly half came from an urban area in England and Wales. However, the figure is lower in sparsely populated rural areas (30%): most moves are over relatively short distances.

The main interactions between the RDPE and population changes are likely to come from increases in the sustainability of communities through improvements in local economies – as opportunities increase, the need for people to move or travel longer distances in search of work will reduce. However, evaluation evidence of previous schemes supported under the current ERDP suggests that, although positive, this effect is marginal, given the scale of the Programme in comparison to wider changes described above.

Population: Key Points

- Rural populations are generally older than those of England as a whole.
- Quality of life in rural areas is closely related to environmental quality, but in-migration tends to be more pronounced amongst older people.
- Increasing levels of economic activity help to improve community sustainability by widening opportunity and reducing out-migration of those of working age.

² Since 2004, the preferred method of designating rural areas in England has been built upon census output areas (COAs), a statistical geographical area containing on average around 120 households or 300 people. All COAs that fall within the boundary of a settlement of population of 10,000 or more are defined as urban. All others are defined as some degree of rural, depending upon their population density, ranging from Town & Fringe, through Village, to Dispersed. The sparsity context is also considered - those falling outside of set distance criteria from large population centres are considered sparse, with all others less sparse.

³ Census 2001

⁴ Sources quoted in Defra: *Productivity in Rural England*

⁵ *ibid*

2. Health

There are three main ways in which health issues are relevant to the RDPE. Firstly, the availability of fresh, healthy food is critical to health. Secondly, countryside access provides facilities for outdoor exercise, and also a setting which is valued for its tranquillity and associated benefits in terms of mental health. Thirdly, there are health benefits associated with work – unemployment is generally associated with poorer health.

Maintenance of food production in line with market demands is central to Defra's work, and is, clearly, the main driver behind agricultural production. The restructuring of CAP payments in the UK, together with much of the possible activity under the RDPE, are designed to maintain that supply, while at the same time delivering better environmental outcomes.

There is evidence of widening interest in, and demand for, visits to the countryside. The extent of current visits is explored in the Tourism and Recreation section of this profile, but in summary, such visits provide benefits in terms of both physical exercise and (at least perceived) mental well-being. Measures which expand access to the countryside are therefore likely to have a positive effect, although that is not the main driver for such projects.

Studies⁶ have consistently found that employment is significant at providing status, purpose, income, social support, structure to life, and means of participating in society, all of which in turn have impacts on health. In general, good working conditions, and higher levels of pay are associated with better health. Conversely, unsatisfactory or insecure jobs are associated with the same level of health risks as unemployment, and stressful working conditions have a negative impact. Studies also show that having more control over work is associated with better health.

Unemployment impacts upon health because it leads to:

- poverty and hardship
- social exclusion – including isolation and stigma
- disruption of future work careers – people who experience a spell of unemployment are more likely to become unemployed again within 2 years

The generation of employment, especially in remote rural areas where opportunity is limited, is likely to have positive health impacts.

Health: Key Points

- The production of healthy food is, and will remain, the central purpose of the agricultural sector.
- More widely, however, there is increasing recognition of the mental and physical health benefits of exercise and of access to green space and the countryside.
- Employment is generally associated with better health, both in itself and also for the access to services it brings.

⁶ *Independent Inquiry into Inequalities in Health Report* Acheson, Sir D. (1998).

3. Biodiversity & Nature Conservation

A complex relationship exists between farming and nature conservation in the countryside. While farmland provides habitat for wildlife, there is evidence that intensification of farming has resulted in long term declines in both specific habitats and the flora and fauna which are associated with them – these changes also impact on the distinctiveness of landscape, addressed in that section. In addition, issues of diffuse pollution from agriculture, discussed in the sections on air and water pollution below, impact on conservation objectives.

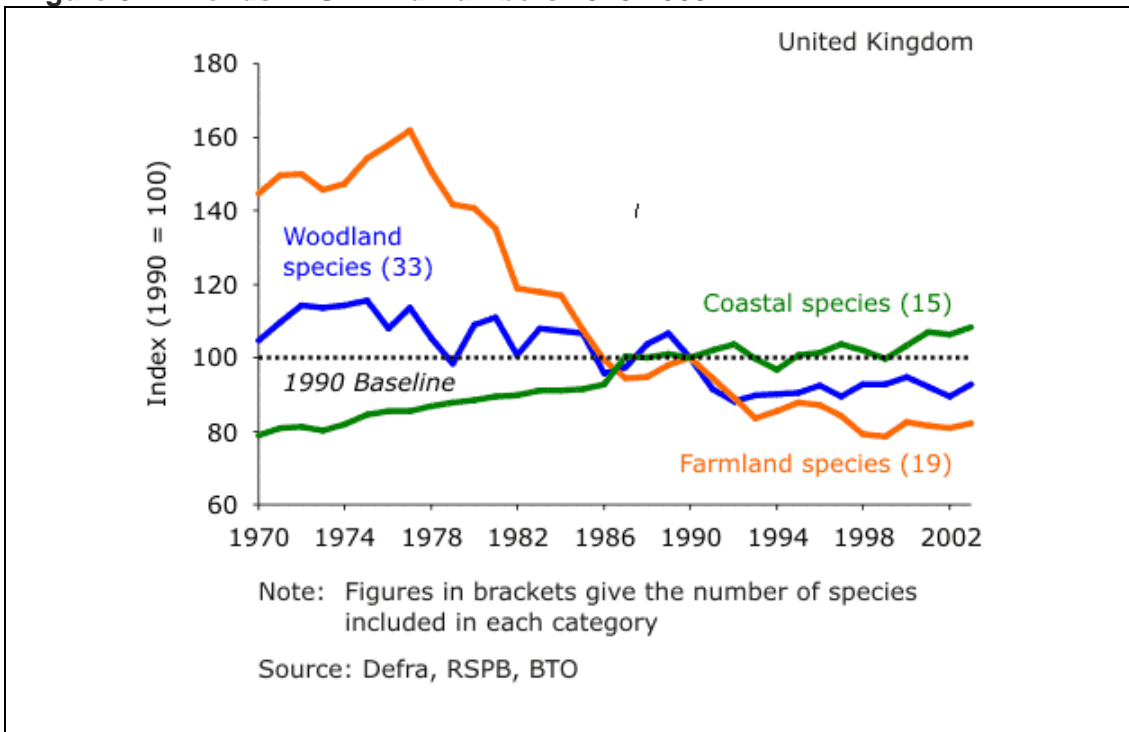
The charts and discussion below explore different aspects of biodiversity within this wider context. The most widely used indicator of biodiversity (and the one for which the most robust information exists) is bird numbers.

The overall index of populations of British breeding birds has been relatively stable over the last two decades. In 2003, the index of all native species (comprising 111 species) was 6 per cent higher than in 1970, a comparable position to that in 2000. However, within that overall picture, some species have been more successful than others. In particular, the farmland birds index almost halved between 1977 and 1993, but has been relatively stable since, remaining at less than 60 per cent of the 1970 level.

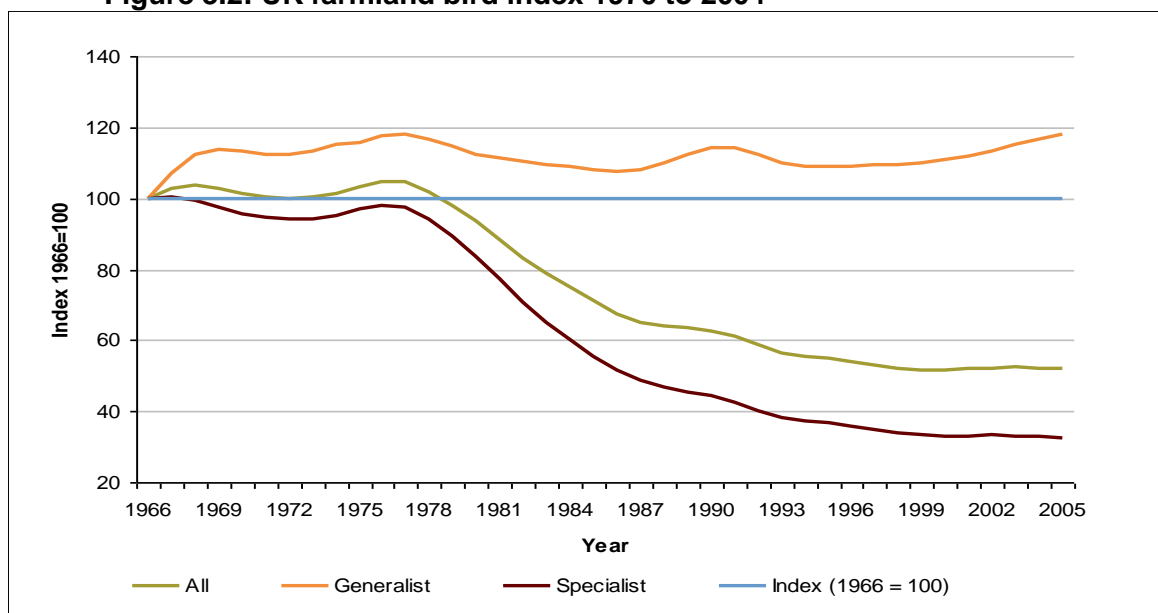
The woodland bird index fell by around 24 per cent between 1975 and 1992, but has also been relatively stable since. The index of coastal birds has risen steadily and in 2003 was 37 per cent higher than in 1970.

Although populations of the more common farmland and woodland birds have been declining, rare bird populations, which are not included in this index, have been stable or rising. This reflects conservation efforts focused on these species.

Figure 3.1: Trends in UK Bird Numbers 1970-2003



The chart below shows, in more detail, trends in farmland bird numbers over the same period. It clearly shows that there has been a greater, and sustained, decline in species which specialise in particular types of habitat, while those more associated with farmland in general have not declined.

Figure 3.2: UK farmland bird index 1970 to 2004

Source: Defra, RSPB, BTO

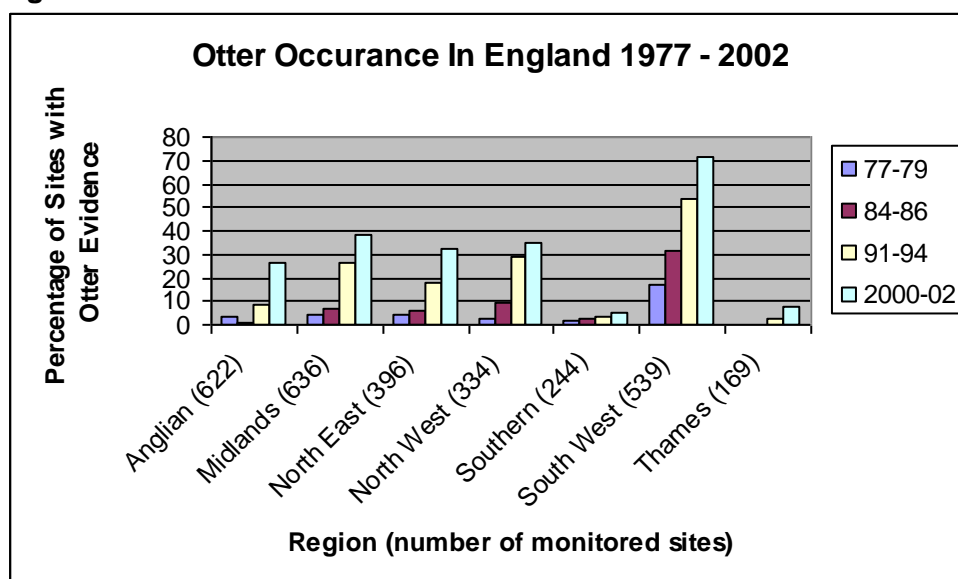
There is also regional variation in trends of bird numbers. In general, bird populations in the northern English regions are rising while those in the south, particularly farmland birds, are declining. There is more variation in woodland bird numbers between regions, although the decline in both woodland and bird numbers overall is the same at 6% across England.

Biodiversity in the Water Environment

The Vincent Wildlife Trust and the Environment Agency publish data on Otter numbers. Otters are good indicators of river quality because they need clean rivers with an abundant, varied supply of food and plenty of bankside vegetation offering secluded sites for their holts. In the past the destruction of habitat and pollution of watercourses, especially from organ chlorine pesticides, has led to a large decline in the number of otters.

Numbers have, however, increased significantly over the last 25 years, especially in the South West. This recovery appears to be related to the legal protection of otters, habitat restoration and controls on the use of organ chlorine pesticides. Otters are still absent or sparsely found in many areas and require the provision of improved habitat for breeding and resting.

Figure 3.3:



Source Vincent Wildlife Trust / Environment Agency.

Habitats

Sites of Special Scientific Interest (SSSIs) are selected and designated to safeguard the best of England's wildlife and geology. In England, there are over 4,000 sites covering around 1m hectares, around 7.5 per cent of the total land area. Higher designations, such as National Nature Reserves, Natura 2000 and Ramsar sites, are also, always, designated as SSSIs, but not all SSSIs have higher designations.

English Nature undertakes a monitoring programme to assess the condition of SSSIs. The table below shows the numbers, by location, which are in favourable or recovering condition. The relatively poorer condition of those relating to farmland management and (especially) those in wetland areas is evident. Water pollution, covered in more detail below, is a critical factor affecting these SSSIs.

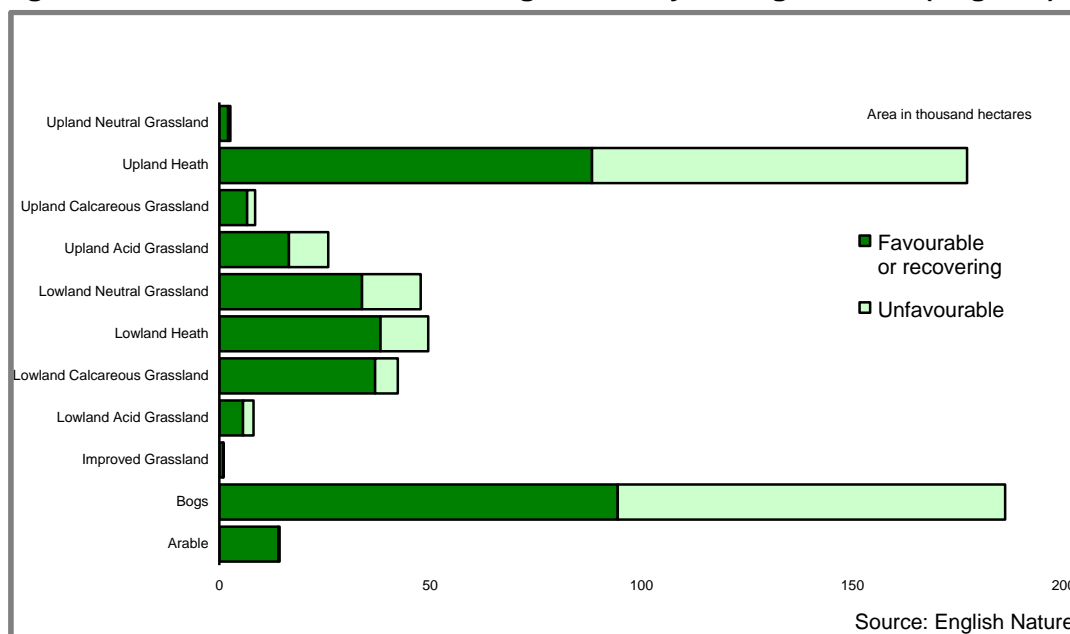
Figure 3.4: SSSI Condition by Area and Location

Location	Local authority	Coastal	Woodland & forestry	Towns & Cities	Business	Agriculture	Water & Wetlands	All SSSI's
% in favourable or recovering condition	82	79	73	72	72	63	52	67

Source data: English Nature / Agriculture in the UK 2005

In 2003, English Nature estimated that around 3% of SSSIs by area were in unfavourable condition due to diffuse pollution. However, for specific habitats like rivers and lakes, which account for a small percentage of total SSSI area, the rate is much higher: 69% of SSSI rivers and 31% of SSSI lakes were reported to be in unfavourable condition due to significant diffuse pollution.

The chart below shows, in more detail, the condition of SSSI's on agricultural land. English Nature has also undertaken analysis which sets out the reasons for unfavourable condition of such SSSIs. Muirburning and overgrazing were by far the most significant factors, reflecting the nature of many of the SSSIs which occur on grassland or heath.

Figure 3.5: Condition of habitats on agriculturally managed SSSIs (England)

Source: English Nature / Agriculture in the UK 2005

Wider Changes in Habitats

There have been significant losses in the extent of some semi-natural habitats as a result of agricultural improvements and urban and industrial development. Surviving habitat patches are often isolated and fragmented within otherwise intensive agricultural landscapes. Rates of habitat loss have diminished since the mid-1980's. However, isolation reduces the quality and robustness of such habitats; in the wider context of species movement caused by climate change, there will be an increasing need to link habitats to a greater extent.

In addition, Biodiversity Action Plan habitats and species are still being lost with over 42% of habitat plans reporting continuing losses in 2005 and at least 25% of the species with action plans are still declining in population or range.

Biodiversity & Nature Conservation: Key Points

- There is emerging evidence of relatively recent, positive, changes of improvements in habitat and biodiversity as evidenced by the stabilisation of bird numbers, but populations of farmland specialist birds in particular remain at levels well below those recorded historically.
- SSSI's on agricultural land are in poorer condition than those in England as a whole.
- Land management and water pollution are significant issues in SSSI management.
- Long term declines in loss of habitat, including woodland, and associated biodiversity are evident, and are associated with intensification of farming practice.
- Although a significant stock of habitats remain, these are somewhat fragmented, and represent a barrier to species migration.

4. Woodland

In 2004, woodland covered 17 per cent of Scotland, 14 per cent of Wales, 9 per cent of England and 6 per cent of Northern Ireland. Woodland cover of England has increased steadily from the early part of the 20th Century, as illustrated in Figure 4.1. Despite this rising trend, cover is still only 25% of the EU-25 average.

Figure 4.1 Area of woodland 1924-2006 (000 Hectares)⁷

Year	1924	1947	1965	1980	1995-99	2006
Hectares	660	755	886	948	1097	1121
% land cover	5.1	5.8	6.8	7.3	8.4	8.6

Woodland is thought to have been at its lowest extent in recent times following the demands on timber created during the first World War. The Forestry Commission was subsequently established with the primary objective to create a strategic reserve of timber, but without compromising agricultural production. During the Second World War the demands placed on British timber were again immense and the post-war forestry policy statement reinforced the need to establish a significant reserve as soon as possible. This, together with the requirement that agricultural production should not be compromised, resulted in extensive afforestation with exotic coniferous species.

In terms of nature conservation value, however, more mature, natural and semi-natural broadleaf woodlands are most important. The area of ancient semi-natural woodland has declined over the last century and the woodlands have become increasingly fragmented. In 1999, the area of ancient semi-natural woodland in Great Britain was around 300,000 hectares, 1.4 per cent of total land area.

It was not until the 1980s that the importance of broadleaved woodland was fully recognised by Government policy, which changed in 1985 and resulted in an encouragement of the planting of broadleaved woodland. The encouragement of and support for the afforestation of agricultural land developed from 1988.

The management of woodlands is also critical for nature conservation, and there has been increasing take-up of the Forest Stewardship Certification, launched in 1996, as a standard for woodland management

Woodland Access

There is a partnership project between the Woodland Trust and the Forestry Commission (England & Wales) to create a UK wide provisional inventory of accessible woodland. The database shows that some 46% of the woods in England have public access, compared to 53% in Wales and 61% in Scotland.

The table below also takes into account population distribution to show the proportion of the population of UK Countries which has access to woodlands.

Figure 4.2: Access to Woodlands by Proportion of Population of UK Countries

	England	Wales	Scotland	N Ireland
% population with access to 2ha+ wood within 500m	10%	16%	15%	7%
% population with access to 20ha+ wood within 4km	55%	72%	54%	50%

Source: Forestry Commission Indicators of Sustainable Forestry Website

⁷ Table 1.2, *Forestry Statistics 2006*, Forestry Commission

Woodlands: Key Points

- The area covered by woodlands and forestry has increased continually since the 1920s. This expansion followed a historic decline, and, in particular, demand for timber during the First World War.
- The expansion of woodlands, until the 1980's, concentrated on non-native, fast growing conifers.
- Ancient and semi-natural woodlands, which have the greatest value for nature conservation, are fragmented, and cover only 1.4% of England.
- 55% of the population of England is estimated to be within 4km of an accessible wood.

5. Landscape & The Historic Environment

Distinctive landscapes have evolved in all English regions, closely influenced by the types and patterns of agriculture and settlement which have developed in different areas. National Parks and Areas of Outstanding Natural Beauty (AONB) are the main designations made on the basis of landscape. There are 9 National Parks in England, which cover 8% of the land. There are 36 AONBs, covering 16% of the land.

Agricultural use currently accounts for 74% of land in England, and so is one of the biggest influences on the landscape. Agricultural intensification over the last 60 years has reduced landscape quality in England. For example, traditional and vernacular buildings, and field boundaries are key elements of landscape, and many have been lost over the last 60 years, reducing landscape quality.

One of the most notable findings from the Countryside Survey was a loss of field boundaries. Between 1984 and 1990, it was estimated that the length of hedges declined by about 23% and the length of walls by about 10% in Great Britain. As with farmland birds, the situation has since stabilised - the table below shows the current stock of such linear features, together with changes from 1990-98.

It has also been estimated that 46% of historic parkland in England recorded at the start of the 20th century has now been lost, an area in excess of 2,000 km². In some character areas, the rate of loss has been as high as 70%, with arable intensification being the most significant cause of this loss.

Figure 5.1: Distinctive Linear Features, England & Wales, Thousand km

	1998 Length	Change 90-98	% change
Hedge	449.3	-0.4	-
Remnant hedge	52.3	-13.5	-20.9
Wall	105.8	-2.7	-2.5
Line of trees / shrubs / relict hedge & fence	70.0	15.5	30.8
Line of trees / shrubs / relict hedge	83.4	19.6	31.4
Bank / grass strip	70.0	-1.9	-2.5
Fence	423.2	25.6	6.6
Total	1253.9	42.3	3.5

Source: Agriculture in the UK 2005

Linear features also have a particular value for wildlife because, with road and rail verges, they provide corridors, and link larger sites. In the context of species movement caused by climate change, the creation of such corridors to facilitate migration is an important benefit.

The 2000-06 ERDP placed increasing emphasis on the management and creation of linear features, and there is some evidence that this has had a positive effect. However, it is important to note that net positive change may be a net result of continuing losses balanced by greater creation of linear features. Where this is the case, the conservation value of a newly created or restored feature is unlikely to be as great as a long-established one in terms of ecology, landscape and historical significance. Between 1990 and 1998, 15,900 km of hedge degenerated into remnant or relict features - more than the amount (12,800 kms) that was restored back during this period⁸.

⁸ Countryside Survey 2000, English Heritage

Cultural Heritage

The historic environment makes a fundamental contribution to the character and public appeal of the countryside and its settlements. Nearly half of all listed buildings, three quarters of all scheduled monuments, and two-thirds of Anglican parish churches are located in rural areas. Most buildings and monuments are privately owned.

There are major pressures for change on the traditional farm building stock as a result of changes in farming methods and the decline in profitability of agriculture. Almost a third of listed working farm buildings have already been converted to other uses, the majority to residential use, while large numbers of agricultural buildings are well on the way to becoming derelict. Recent work on this topic by English Heritage (Living Buildings, 2006) found that over half of all traditional farm buildings had been subject to planning application for development, implying at least a change of use, and that a small but significant proportion of around 7% were in an advanced state of structural disrepair.

The shortage of craft skills is particularly acute in the countryside, which is clearly an issue in maintaining and restoring distinctive landscape features. Dry-stone walling, thatching, millwrighting, earth walling and flint-knapping traditions are seriously threatened.

The national Monuments at Risk (MARS) project, published in 1998, found that, since 1945, agriculture had been the single biggest cause of unrecorded loss to archaeological sites in England, and was responsible for 30% of instances of cumulative damage.⁹ Between 1950 and 2001, an area of 637,000 hectares of permanent grassland was lost in England containing 14,000 archaeological sites. It is estimated that 3,000 Scheduled Ancient Monuments are being ploughed and damaged annually.

The table below shows the importance of designated areas in terms of the historic environmental assets they contain: however, it is also clear that the majority of these assets occur in the wider countryside (as shown by the proportions in the final column). Figures from Countryside Counts also show that the majority of designated historic assets occur in rural rather than urban areas (some 85% compared to 15%).

Figure 5.2: Historic Assets in Designated Areas

Designated Asset	National Parks	AONBs	Total	% of National Total
Listed buildings	11,243	52,068	63,311	17.02
Scheduled Monuments	4,264	6,170	10,434	52.92
Parks & Gardens	30	313	343	21.61
Battlefields	2	8	10	23.26

Source: Heritage Counts 2005, English Heritage

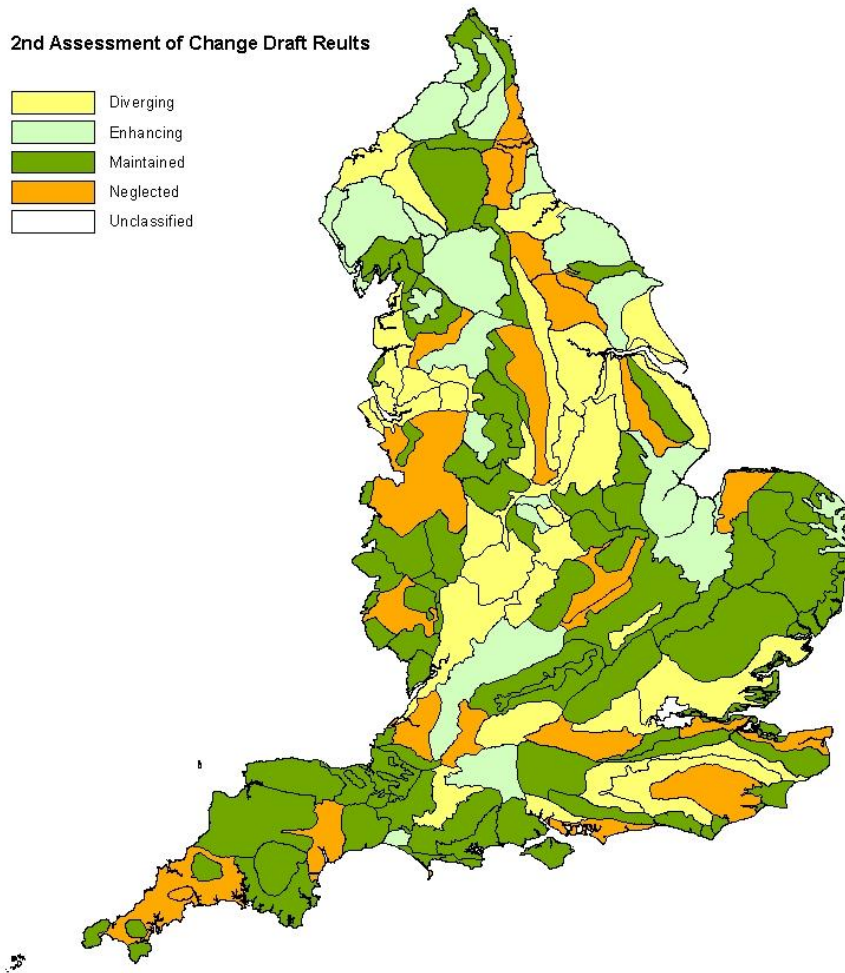
Measurement of Landscape Change

The magnitude and direction of change have been combined and mapped to form the headline indicator to show areas where landscape character is maintained (51%), enhanced (10%), neglected or where there has been a loss of character (20%) or with new characteristics emerging (19%). Comparison with a previous assessment of landscape for 1990-1998 shows that there has been some improvement, with reversals in loss of character or stabilisation for many character areas. The map below shows the distribution of these changes.

⁹ Heritage Counts 2005, English Heritage

Figure 5.3:

2nd CQC Assessment Draft Results : Headline Indicator



The results displayed on this map may change in light of the responses received during the 2nd consultation exercise which seeks to valid the results of the 2nd Assessment of Change

Landscape and the Historic Environment: Key Points

- The great majority of protected landscapes and historic assets are associated with patterns of land management and occur in rural areas.
- However, changes in agricultural practice, particularly mechanisation of farming, have resulted in larger field sizes and a consequent loss of some distinctive linear features.
- There has also been conflict between conservation of archaeological sites and farming.
- The combination of these and other factors has resulted in significant changes to landscapes which reduce their regional distinctiveness.
- Nonetheless, landscape quality remains a key feature attracting people to the countryside.

6. Water Management

There are three broad issues around the management of water which are relevant to agriculture:

- Water use (abstraction);
- Pollution, particularly from run-off from fertilisers; and
- Flooding.

Water Use - Abstraction

Data are available on water consumption by industry sector. Although UK agriculture's share of total water use is only 1.5%, it is important in the context of climate change, since agriculture is likely to require water for irrigation of crops during periods of low rainfall, when supplies are under greater pressure. In general, pressure on water supplies is greater in the South and East of England.

Water Quality

Pollution from agriculture is a key pressure on water quality. Between 1990 and 2004 the percentage of rivers of good biological quality in England rose from 60 to 70 per cent. Over the same period, the proportion of rivers of good chemical quality rose from 43% to 62%.

Pollution from agriculture is related, mainly, to fertiliser use. Phosphorus and nitrogen are naturally found in water, and plants require these nutrients to grow. Elevated levels of phosphorus in water, for example, can lead to eutrophication (excessive algal growth) in freshwater. Levels of nitrate and phosphate use have been declining since 1984.

As urban and industrial pollution of water has been increasingly controlled, emissions from agriculture have become comparatively more important proportions of the total. It has been estimated¹⁰ that over two thirds of nitrogen emissions to surface and marine waters and one third of phosphorus are present as a result of agricultural activities. Removing diffuse pollutants caused by agriculture is estimated to cost UK water companies (and so water consumers) £211 million a year.

The pollution risk associated with fertiliser application is increased when the timing of application is not matched to the needs of the crop, or when weather conditions increase the risk of run off. The move towards autumn-sown cereals has increased losses because winter rainfall can cause nitrate to leach from soil organic matter, and phosphate to be washed off.¹¹

Although the recent pattern shows a decline in phosphate application, this is against a longer term increase. The Environment Agency estimates that there was a 400% increase in phosphorus losses to water between 1931 and 1991.

Flooding

The frequency and severity of flooding has increased in recent years. Research for Defra¹² on the impacts rural land use and management have on flood generation has provided evidence that changes in land use and management practices can, and do, affect runoff generation and flooding at a local scale. However, the impacts at a larger catchment-wide scale (as required by the Water Framework Directive) are more difficult to ascertain.

Agricultural management can play a role in mitigating flooding by increasing the interception of precipitation and so slowing the release of water. Conversely, soil compaction, which can result from

¹⁰ *Aquatic Eutrophication in England and Wales – A Proposed Management Strategy*, Environment Agency, 1998

¹¹ *The State of Soils in England and Wales*, Environment Agency, 2004

¹² *Review of Impacts of rural land use and management on flood generation; short term improvement in modelling and future research plan* (R& D Technical Report FD 2114/TR).

heavy stocking rates or the inappropriate use of machinery, can increase run-off¹³. The English uplands (where the primary land-use is agriculture) are the major water gathering and storage area for much of England's water supplies. The Framework for Environmental Accounts values agriculture's contribution to flood damage in the UK at £153m (2003 prices) per year¹⁴.

Water Framework Directive

The Water Framework Directive sets out a river basin management planning process. Nine river basin districts have been defined in England and Wales, and two more cross the border between England and Scotland.

For each river basin district (RBD) a river basin management plan (RBMP) will be prepared, implemented and reviewed on a six year cycle. River Basin Characterisation required by Article 5 of the Directive is an important early part of this process which for each RBD, requires:

- An analysis of its characteristics;
- A review of the impact of human activity on the status of the water bodies within the RBD;
- An economic analysis of water use

The initial Characterisation phase, conducted by the Environment Agency, has now been completed and published¹⁵. It involved the identification of River Basin Districts, water bodies and the assigning of typologies. A pressures and impact analysis has also been undertaken for each water body to assess the risk of failing to meet the environmental objectives of the Directive by 2015.

The results of pressures and impacts analysis, summarised in the table below indicates the overall risk that waterbodies may not achieve WFD objectives by 2015, and the main contributory pressures relating to that risk. The importance of diffuse pollution, of which agriculture is the major source, is clearly evident.

Table 6.1: Percentage of water bodies at risk of not achieving WFD objectives¹⁶

Pressures	Rivers	Lakes	Estuaries	Coastal Waters	Groundwater
Point discharges	23.1	20.1	48.5	18.2	3.9
Diffuse pollution	82.4	53	25	24.2	75.3
Abstraction	10.7	2.1	14	N/A	26.1
Physical changes	48.2	59.3	89.7	77.8	N/A
Alien species	21.1	9.3	36.8	45.5	N/A
Overall % of waterbodies at risk	92.7	84	98.5	84.8	75.3

¹³ *The State of Soils in England and Wales*, Environment Agency, 2004

¹⁴ *Framework for Environmental Accounts for Agriculture, Final Report* (Eftec, 2004)

¹⁵ *Briefing – Assessing risks to the water environment River Basin Characterisation – Results 2005*, Environment Agency, 2005

¹⁶ *Briefing – Assessing risks to the water environment River Basin Characterisation – Results 2005*, Environment Agency, 2005.

Water Management: Key Points

- Agricultural demand for water is comparable to that made by manufacturing industry; changes in water availability as a result of climate change may make this issue increase in importance in the future.
- Water quality is improving in England, but is still significantly poorer than in the rest of the UK.
- Water pollution associated with run-off from agricultural fertilisers has reduced in recent years. However, wider improvements in the performance of industry and urban wastewater treatment have been more rapid, and agriculture is now the main factor in water pollution.
- Agricultural practices also have an influence on the speed with which rainwater enters rivers and contributes to flooding.

7. Soil Management

The function of soils is critical to a range of environmental issues. Although the most obvious function for farming is to produce crops, the same soils, depending on their type and location, may help regulate water flow, water quality and flooding, protect archaeological remains and support wildlife. Recent work by the Environment Agency¹⁷ concluded that detailed information on the working of soils in these wider respects was as yet poorly understood.

Soil losses from cultivated land are generally low in the UK, at less than 5 tonnes/hectare with farming contributing about 95% of erosion. In some localities erosion can exceed 100 tonnes/hectare, with about 25% of England at moderate to very high risk, predominantly arable and rough grazing land.

The loss of soils increases the need for fertilisers, and reduces retention and filtering of water, increasing both soil particles and agricultural run-off in water courses. This has negative effects on river water quality.

The off-site costs of soil erosion from farmland, mainly dredging rivers of soil derived from farms, are estimated at £9 million annually, while soil compaction is beginning to be recognised as increasing the risk of flooding.

The main causes of soil erosion are related to

- Intensive cultivation, particularly when soils are compacted by heavy machinery or left exposed to heavy rain, as is the case with winter cereals
- High livestock densities, with associated trampling of soils by sheep and cattle; rooting by free-range pigs is also an issue.
- Poor forestry practice, especially during road construction and harvesting

While there has been a loss of soil organic matter (SOM) in arable and rotational grassland topsoils between 1980 to 1996, this is not thought to have damaged soil fertility, although impacts on soil biodiversity and soil health are unclear.

However, loss of soil organic carbon, a principal component of SOM, reduces soil carbon stocks with implications for climate change. UK soils are estimated to store some 10 billion tonnes of carbon – more than the annual global emissions of carbon dioxide. Changes in land use, such as draining peat and converting grassland to crops, release carbon dioxide. Such land-use change accounts for about 5% of UK greenhouse gas emissions.

Key Points

- Soil erosion is of relatively low but increasing concern in England.
- Poor management of soils is closely linked to water pollution, and also to greenhouse gas emissions.

¹⁷ *The State of Soils in England and Wales*, Environment Agency, 2004

8. Climate Change

The relationship between agriculture and climate change is complex. Although agriculture is responsible for only a small proportion of carbon dioxide emissions, the sector is much more closely associated with emissions of other greenhouse gases.

In addition, climate change is already having physical effects which will affect farming and farm-based wildlife.

At the same time, the policy response to climate change will create opportunities for farming in relation to biomass energy.

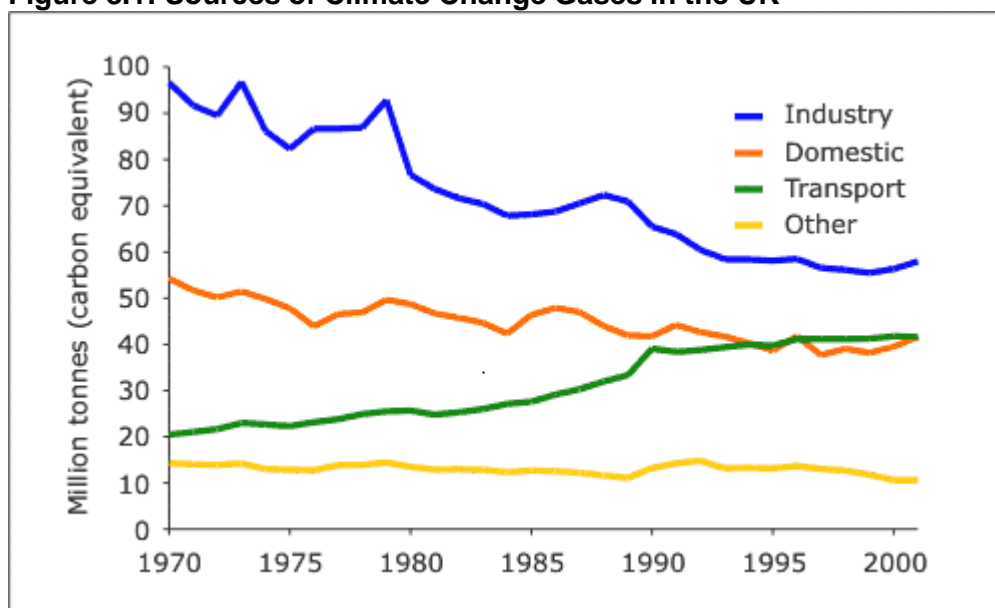
Sections on each of these issues are included here.

Emissions of Climate Change Gases

Carbon Dioxide is the main climate change gas, produced largely by combustion of fossil fuels. Agriculture is responsible for a very small share of CO₂ emissions. However, other gasses, including methane, nitrous oxide and ammonia, also contribute towards climate change, and agricultural practices are much more significant sources of such gases.

In 2003, industry and the transport sector each accounted for just over 28 per cent of emissions and domestic users accounted for a further 27 per cent. Since 1970, emissions from industry have fallen continually, while those from transport have risen, as shown in the graph below.

Figure 8.1: Sources of Climate Change Gases in the UK



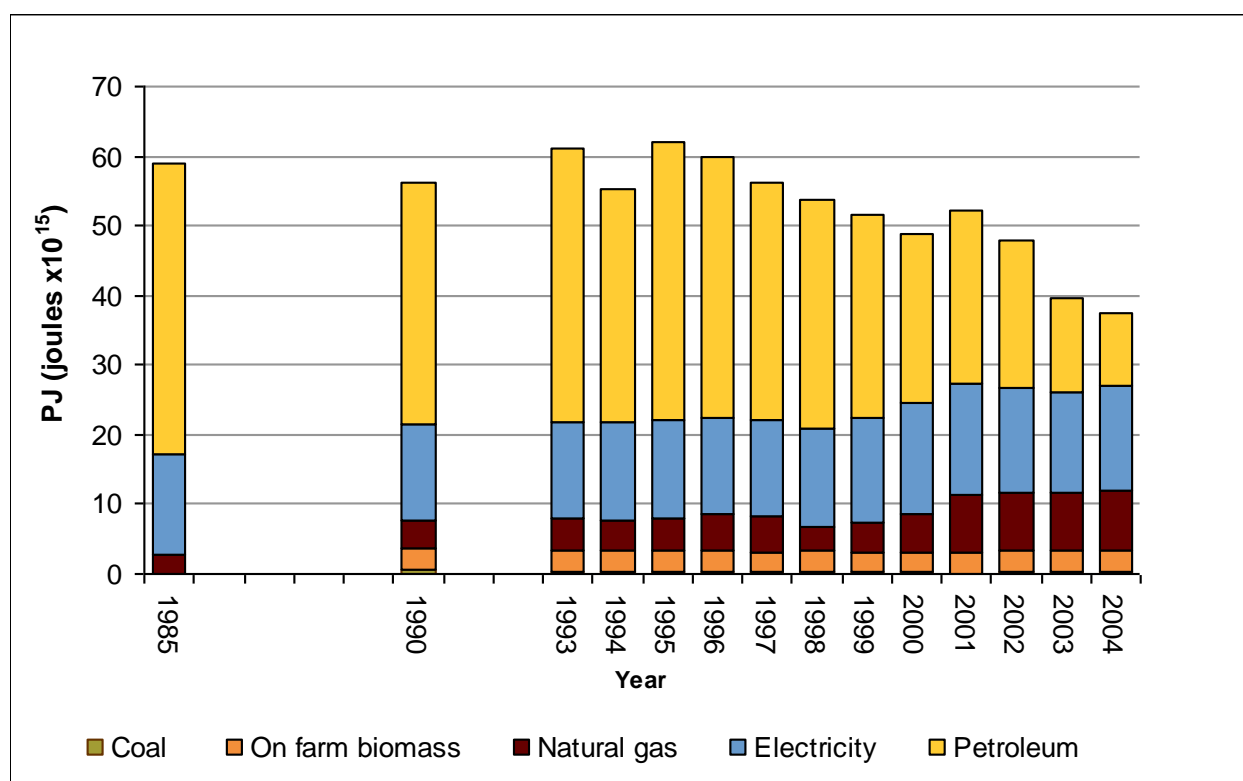
Source: Defra / Indicators of Sustainable Development

Between 1970 and 2003, total carbon dioxide emissions fell by 19 per cent. Much of this decline has come from a reduction in emissions attributable to industry which declined by almost half since 1970. Emissions caused by domestic users have declined by 24 per cent since 1970; those attributable to transport have increased by 89 per cent.

Energy Use in Agriculture

Data quoted in the RDPE (chapter 3) indicate that direct use of energy on farms has fallen by 40% since 1995, as shown in the chart below. Figures are given in petajoules to allow aggregation between different types of energy.

Figure 8.2: On Farm Use of Energy 1995-2004¹⁸



Use of petroleum products has fallen considerably, but there has been an increase in the amount of electricity used.

In addition, agriculture uses a substantial amount of energy through inputs such as the manufacturing of fertilisers, pesticides and animal feed. Indirect energy use has also fallen, in part reflecting a decline in the use of fertilisers.

A combination of market forces and government policy, in particular the introduction of the climate change levy on industrial use of energy, has caused a rise in energy prices over recent years. This means that farm costs will have risen, but also implies a greater incentive to take up energy efficiency savings which have been identified in a study for the Environment Agency and English Nature¹⁹.

¹⁸ *Sustainable Farming and Food Strategy Forward Look - Supporting economic and statistical analysis* (Defra July 2006)

¹⁹ *Assessment of 'Win Win' case studies of Resource Management in Agriculture*, (English Nature, Environment Agency 2005)

Emissions of Other Climate Change Gases

Emissions of methane, nitrous oxide and ammonia from agriculture have declined substantially in recent years, largely because of a reduction in livestock numbers and fertiliser use. Although historically, agri-environment schemes in England have not been primarily designed to deal with climate change, they have had indirect effects, for example by encouraging low input agriculture and reducing grazing intensity.

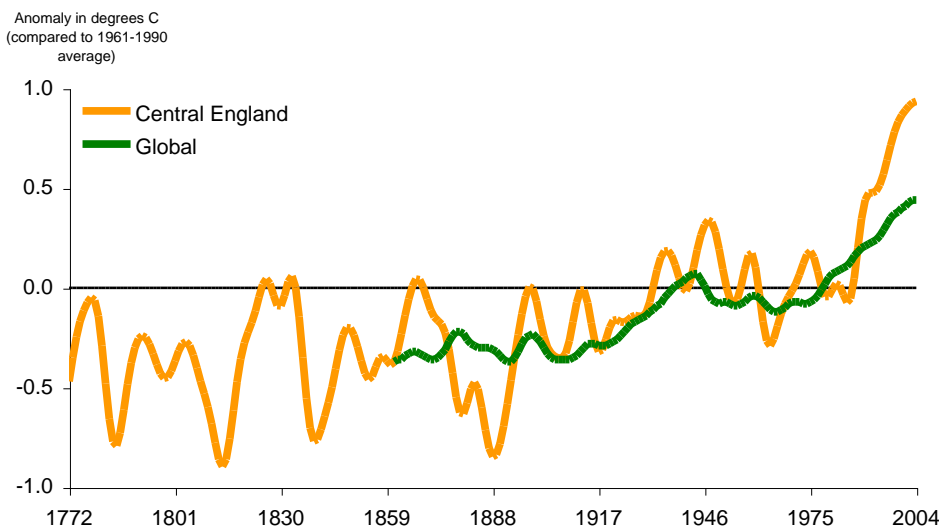
Nonetheless, the sharper declines in emissions of these gases from other sources mean that agriculture is the single largest source of all of these at present:

- Nitrous oxide emissions fell by 40 per cent between 1990 and 2003. This leaves agriculture as the main source, accounting for about two thirds of emissions, mainly from agricultural soils.
- UK emissions of methane, excluding those from natural sources, fell by 48 per cent between 1990 and 2003. In 2003, the main sources were agriculture (46 per cent of the total) and landfill sites (20 per cent). Emissions from agriculture have reduced by 12 per cent since 1990.
- UK emissions of ammonia show a moderate decline from 1990, but agriculture remains by far the largest source.

Impacts of Climate Change

The chart below shows the clear rising trend in temperatures in central England since records were first kept. It is clear that the long-term trend is rising, and has done so particularly sharply in (comparatively) recent years.

Figure 8.3: Trends in Central England and Global Average Temperatures



The physical effects of warming will have implications for farming, as they are likely to include less stable and more unpredictable weather, as well as changes in growing seasons. Changes will also impact on particular species, and it is expected that migration north, and to higher ground, will take place as a result. As noted in the section on biodiversity and nature conservation, such migration requires a network of habitats to enable it to take place.

Policy Responses to Climate Change

Transport

While industry remains the largest single source of climate change emissions, its proportion has declined since 1970, while that of transport has increased. Although the costs of private transport have decreased over the same period, fuel costs have risen recently.

The great majority of visits to the countryside discussed in section below (on recreation and access) are car-based. In addition, food-related freight transport is important. Work carried out for Defra in 2005 on *The Validity of Food Miles as an Indicator of Sustainable Development*²⁰ found that:

In 2002, Food transport accounted for 25% of all HGV vehicle kilometres in the UK, some 30bn km in total, and emitted around 19m tonnes CO₂. This was around 1.8% of all CO₂ emissions from the UK.

Transport of food by air has the highest CO₂ emissions per tonne, and is the fastest growing mode. Air freight of food accounts for only 1% of food tonne km, and 0.1% of vehicle km, but produces 11% of food transport CO₂.

The report notes, however, that although there has been an increase in the tonnage of food transported, efficiency improvements have meant that this has not been accompanied by an increase in vehicle km. Nonetheless, increasing fuel costs, while potentially limiting food exports, will also make local produce more competitive.

Figure 8.4: CO₂ Emissions Associated with UK Food Transport, 2002

Mode	Percentage of CO ₂ Emissions
Air long haul	10
Air short haul	0
HGV UK	33
HGV UK to overseas	12
HGV overseas	12
LGV UK	6
LGV overseas	2
Car	13
Rail	0
Sea	12

Source data: *The Validity of Food Miles as an Indicator of Sustainable Development*, Defra 2005

Renewable Energy

In 2002, around 3.0% of the electricity available in the UK was generated from renewable sources, compared with 2.5% cent in 1998. Although biomass does not feature in the chart due to its small scale, it is important to note that energy crops do contribute at the margins to this, through use of woodchip in combined heat and power generation. It is also the case that energy crops are used to produce road fuels, and the European Commission has introduced successively higher targets for the use of biofuels.

²⁰ <http://statistics.defra.gov.uk/esg/reports/foodmiles/default.asp>

Climate Change: Key Points

- Agriculture is responsible for a small proportion of CO₂ emissions, but a significantly greater proportion of the wider basket of greenhouse gases.
- Emissions of such gases from agriculture have fallen, but to a more limited extent than the decline from other sources.
- There is clear evidence that temperatures have increased, particularly in recent years, and this will have impacts in terms of both growing seasons and conditions for wildlife; adaptation will involve species migration.
- Energy prices are increasing; the benefits from energy efficiency in all sectors, including farming, will therefore also increase.
- Market trends, rising costs and the introduction of EC Directives on the use of Biofuels will widen the market for energy crops.

9. Waste Management

The Environment Agency website provides some statistics on Agricultural Waste from 2003. Key points are that:

- 46m tonnes of waste were generated by agriculture in England in 2003.
- 98% of that waste was slurry, manure, vegetable waste and straw, which was largely dealt with on-farm, (as fertiliser or fed to animals) and is not included in the definition of controlled waste.
- 90% of the remaining 920,000 tonnes was liquid, mainly silage effluent, pesticide washings, sheep dip, milk and used oil from farm machinery. The 10% was solid waste, mostly farm plastics and some packaging.

The regulations governing the (broadly, non-organic) solid waste, component have recently changed significantly, to require treatment of such waste in line with that generated from other industries. Uncontrolled, on-farm disposal is no longer an option.

Although manures and slurries are not classed as waste when used as fertiliser, it is important to note that they are significant sources of both phosphates and nitrates, and as such must be carefully managed, in line with their potential to impact on water pollution.

More widely, the Government's approach to the management of waste is in line with the hierarchy of seeking to:

- avoid the production of waste in the first instance;
- reduce unavoidable waste;
- re-use waste where possible;
- recycle waste.

Disposal to landfill remains the least desirable option.

In practice, the Government is seeking to change the market for waste management by increasing the landfill tax, and therefore make other disposal options more economically attractive. The tax stands, currently, at £24 / tonne for active waste (as distinct from construction waste), and is rising by £3 each year. Disposal costs are also rising due to the need to meet increasingly stringent environmental management standards.

There are two implications of this. Firstly, the costs of disposal of farm wastes will rise, making a greater focus on their management more economically beneficial, and, secondly, there may therefore be opportunities, at local level, to develop new services based on waste management, particularly of compostable wastes.

Waste Management: Key Points

- Almost all agricultural waste is re-used on farms. Such wastes have high concentrations of phosphates and nitrates, and so have the potential to exacerbate water pollution if not managed properly.
- Regulation and focus on other solid wastes (plastics, packaging, etc) is increasing, and the cost of their management is likely to increase accordingly.
- Waste costs are rising as a result of increased taxation and the need to meet higher standards, and this may create opportunities for waste minimisation and waste management services in rural areas.

10. Rural Tourism and Countryside Access

Baseline information produced for the RDPE shows that tourism accounts for a significantly greater proportion of employment in rural areas than does agriculture, and also that a significant proportion of agricultural businesses have diversified to include an element of services to tourists²¹.

UK adults were estimated to make the following number of trips to rural areas in England each year (England Research, 2005):

- 14 million holiday trips.
- 1.1 billion leisure day visits.
- 11 million countryside trips taken for business or to visit friends / family – this market is growing at a higher rate than the countryside holiday market as a whole.

There are approximately 7 million overnight stays in the English countryside each year by overseas visitors. Farm visits increased by 13% in 2003, with visits to country parks up 95% and gardens up 6%. It is thought that around 11 million holidays in the UK each year involve some sort of outdoor activity, and tourism contributes an estimated £14 billion to rural economic output in England.

Farms and countryside parks experienced a substantial increase in gross revenue from visitors in 2004, with turnover for farms up by 17% and turnover for countryside parks up by 14%. These increases have been significantly higher than the 7% average increase reported for all attractions across England (Visit Britain, 2005).

The table shows the proportions of the population visiting the countryside, by frequency:

Figure 10.1: Frequency of visits for pleasure to the countryside in England, including the use of a car or other transport, 2001

Timing of Visits	Frequency
Most days	2
At least once a week	14
At least once a month	23
Occasionally	41
Not at all	20

Source data: Defra / Indicators of Sustainable development. Excludes trips to the countryside for proper holidays, to play golf or use other sporting facilities and trips to the beach.

In a 2001 survey, 80 per cent of respondents said they had visited the countryside for pleasure in the last 12 months. The most commonly mentioned reasons for visiting the countryside were tranquillity (58 per cent), scenery (46 per cent), open space (40 per cent), fresh air (40 per cent) and plants and wildlife (36 per cent).

Demand for countryside holidays from UK residents is expected to grow due to the following factors (England Research, 2005):

- increased interest and awareness in the countryside, environment and conservation. This has been demonstrated through increased membership of countryside related groups like the National Trust and RSPB.
- the contrast with standardised urban areas, e.g. countryside offers a diversity of landscape, culture and activities.
- countryside perceived to be at less risk from pollution and terrorism than other destinations.

Tourism is estimated to support 350-380,000 (around 9%) jobs in rural areas in England

²¹ The information quoted here comes from the VisitBritain website, www.visitbritain.com, including a study on rural tourism carried out by England Research in 2005.

Rural Tourism & Countryside Access: Key Points

- Tourism is a more significant generator of employment in rural areas than the primary sector.
- Rural tourism is based to a very large extent on the quality of the landscape, and on the availability of activities in the countryside, including tranquility, scenery, open space, fresh air, and plants and wildlife.
- Recreational visits to the countryside have been increasing, and this increase is expected to continue.
- Visits to cultural attractions are also increasing.

11. Agri-Environment Schemes

As agri-environment schemes form the main focus of the RDPE, it is appropriate to provide more detailed background information on their implementation as part of this baseline.

History of Agri-Environment Schemes in England

Until recently, there were two main targeted agri-environment schemes available to farmers, the Countryside Stewardship Scheme (CSS) which provide financial incentives for positive changes in management, and the Environmentally Sensitive Areas Scheme (ESA) which encouraged farmers to safeguard and enhance areas with particularly valuable landscape, wildlife or history.

From 2005, the new Environmental Stewardship (ES) scheme was launched, to replace CSS and ESA payments. Learning from past experience, the new scheme rewards farmers for undertaking good environmental practices. It operates on two levels.

Firstly, there is an extensive entry level scheme which is available to all farmers in return for a basic level of environmental management (which nonetheless goes beyond that required by GAEC).

Secondly, a higher-level scheme is targeted at priority areas. Entry to the Higher Level Scheme is discretionary, and requires production of a Farm Environment Plan, and discussion with locally-based advisors.

ES has five main aims, and a further two subsidiary aims:

- Conserve wildlife (biodiversity)
- Maintain and enhance landscape quality and character
- Protect the historic environment and natural resources
- Promote public access and understanding of the countryside
- Natural resource protection

Secondary objectives are:

- Genetic conservation
- Flood management

The baseline data above clearly show the long-term decline in both biodiversity and extent of historic landscape features. Evidence has shown that previous agri-environment expenditure has been effective at reversing these declines. The area of 'sympathetically-managed land' required to significantly reverse such declines is likely to be considerable,²² and this is the rationale behind the policy aim of expanding the ELS to make it available to all farms. ELS is one of the most important tools in improving the environmental impact of agriculture in the UK²³.

There has been a rapid increase in take up of Environmentally Sensitive Area and Countryside Stewardship Schemes from their introductions. Both have been oversubscribed, indicating that there remains considerable unmet demand from farmers seeking support to improve the environmental impact of their holdings. In 2004, the final year in which new entrants were accepted, there were 28,180 agreements, covering a total of 1.66m hectares in England.

The number of agreement holders has also increased, as shown in the table below.

Figure 11.1 Number of Agreement Holders: thousands

England	2001	2002	2003	2004	2005

²² *The role of agri-environment schemes and farm management practices in reversing the decline of farmland birds in England*, BTO, RSPB and English Nature, 2003

²³ *A Vision for the Common Agricultural Policy*, Defra, 2005

Organic Farming Scheme	-	-	2.6	1.8	1.7
Countryside Stewardship Scheme	13.9	15.4	15.1	14.5	13.7
ESA's Scheme:	11.3	12.0	11.9	10.9	9.8
Entry level					
Organic level	-	-	-	-	12.5

Source: Agriculture in the UK 2005, p100

Organic Farming

The table below shows the land registered as fully organic, or in process of conversion. The total in England has risen, but remains limited in comparison to take-up of agri-environment schemes.

Figure 11.2 Organically Farmed Land 2003-2005, '000 hectares

	Mar-03	Jan-04	Jan-05
In conversion – England	67.8	36.9	29
In conversion – UK	204.3	66.1	54.8
Fully Organic – England	184	222	230.4
Fully Organic – UK	536.9	629.5	635.5

Source: Agriculture in the UK 2005

In parallel with the take up of organic conversion, there has been a strong and consistent growth in the retail value of Organic Food in the UK, from around £100m in 1993/94, to nearly £1.2bn in 2004/05. Nonetheless, the absolute value remains low in comparison to non-organic production.

Retail demand has been paralleled by the increase in land organically farmed, and in land undergoing the conversion process, shown in the chart below.

Although the numbers of producers remained static over this period, the number of processors and importers rose, in parallel with the increase in retail sales:

Figure 11.3 Organic Processors and / or importers – No. of Businesses

	3/2003	1/2004	1/2005
England	1537	1630	1695
UK	1825	1941	2028

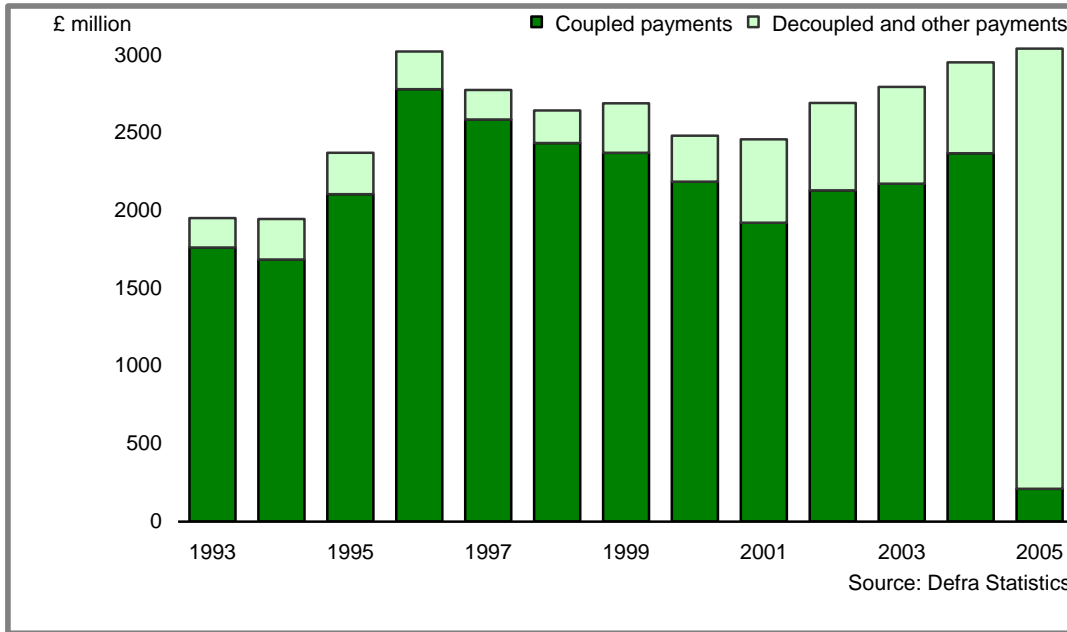
Source: Agriculture in the UK

Agriculture & the Environment: Wider Context

AUK shows that public sector subsidy forms an extremely important part of farm income. Although such subsidy is by no means the only factor acting on farmers' approach to the environment, it is the main method by which the public sector can influence change in the industry.

The diagram below shows the scale of subsidy provided to farmers in the UK. It is clear from the diagram that the scale of support provided in respect of coupled payments (those related to production) has been far larger than those with other aims. Non-coupled payments include schemes covering aspects like agri-environment, organic conversion, and marketing.

Figure 11.4: Trends in Agricultural Support Payments in the UK 1993-2005



Regardless of the scale and focus of the RDPE from 2007 onwards, subsidy for farming will continue through the Single Farm Payment. A condition of continued receipt of the SFP is that land must be kept in Good Agricultural and Environmental Condition (GAEC).²⁴ The issues covered by GAEC are summarised in the box below:

²⁴ <http://www.defra.gov.uk/FARM/capreform/singlepay/crosscomply/gaec.htm>

Figure 11.5: Environmental Management Issues Covered Under GAEC

Overgrazing

The current controls on overgrazing semi natural vegetation, which require an assessment of the condition of vegetation, will be retained. Where there is evidence of current damage, limits on stocking rates will be advised, and if necessary imposed, to prevent further damage. The existing supplementary feeding rules will also be re-enacted.

Stone walls

Farmers will not be permitted to remove or damage stonewalls, without consent from the relevant authority - which may be granted where there are particular extenuating circumstances.

Hedgerows

Trimming of farm hedgerows must not be carried out during the period 1 March to 31 July. A derogation will be possible for health and safety aspects, particularly for hedges next to roadsides and access ways.

Permanent pasture

A control mechanism has to be put in place to ensure that the national area of permanent pasture is not reduced by more than 5% of the total area of agricultural land. Afforestation of permanent pasture that is "compatible with the environment" is exempt from this requirement providing it has been assessed under the existing Forestry EIA Regulations.

Set aside

The existing set aside rules will largely be re-enacted with a few additional flexibilities for farmers. For example, a small percentage of clover will be permitted in seed mixes to encourage biodiversity, and the use of narrower set aside strips in particular locations to provide targeted environmental protection will be encouraged.

6-10m set aside strips

Farmers have the option to put all or part of their setaside land into these narrow strips, subject to certain restrictions, and only next to controlled water, wet ditches, Sites of Special Scientific Interest, woodland and hedges.

Land not wholly in agricultural production

Farmers are required to ensure that land no longer in production remains classed as agricultural land under the SP. This means for example that scrub invasion must be easily removed and notifiable weeds controlled, so that the land would be capable of being returned to production by the next growing season at the latest. The land must also be in a condition where an inspector could easily identify the eligible land and undertake normal control activity.

Protection of landscape features - supporting existing legislation

Farmers will be required to comply with existing legislation that protects a diverse range of habitats and landscape features, including Tree Preservation Orders, Hedgerows Regulations, Environmental Impact Assessment, Scheduled Monuments Legislation, SSSI legislation under Wildlife and Countryside Act, Heather and Grass Burning Regulations and the Forestry Act.

Hedge and watercourse protection measures

Farmers are required to establish a protection zone in fields along hedges and water courses. This must not be cultivated or have fertilisers, herbicides or pesticides applied. It must measure 2 metres from centre of a hedge or ditch, with a minimum of 1m from the top of the ditch bank. This measure will only target key habitats (watercourses and hedges). The measure will not apply to small fields (2 hectares or less) or to newly planted hedgerows (up to 5 years old).

Rights of way

Farmers must not obstruct or disturb the surface of the path of a public right of way which runs across their land (however farmers may plough the path of a right of way so long as the path is reinstated within any prescribed time limit); and must maintain any stile or gate for which they are responsible that is on the path of a public Right of Way.

Moorland measures

Farmers must comply with the Heather and Grass (Burning) Regulations.

Agri-Environment Schemes: Key Points

- There has been consistently strong demand for agri-environment support schemes since their introduction.
- The objectives of the current Environmental Stewardship scheme are to address directly non-market environmental issues associated with farming, such as the loss of biodiversity, and of historic landscape features, and protection of natural resources, including water quality.
- There is some evidence that the schemes are delivering positive changes, but also that much wider take-up is required to address the outstanding issues at sufficient scale.
- Wider changes to the environmental conditions associated with mainstream farm payments will complement activities undertaken through ES.
- The market for organic produce has grown consistently, but remains small in comparison to the total value of farming.

12. Social and Economic Impacts

The Steering Group set up to oversee the SEA for the RDPE agreed that it would be appropriate to seek to include, at a broad level, the social and economic impacts of the Programme. Accordingly, this section summarises some of the material presented in the main evidence base for the RDPE on this topic.

Agri-Environment Schemes

There are many documented secondary benefits of enhancing the environment and countryside, including increased employment, maintenance of rural crafts, support for tourism and increased inward investment. These effects are hard to quantify but include:

- *Increased employment:* Work under agri-environment schemes to maintain, restore and create landscape features such as hedges and dry stone walls can contribute significantly to local employment. For example: a survey carried out for the National Trust in the North East estimated that agri-environment schemes supported 100 jobs and helped to sustain a further 1,800 other farming jobs in the region.
- *Maintenance of rural crafts:* Some local crafts e.g. hedge laying; stone wall restoration; and building restoration are dependent on agri-environment measures for the majority of their work. In addition quarrying of stone and slate for restoration work and other raw material is required for conservation works. It is estimated²⁵ that nearly 90,000 people are employed nationally to provide the craft skills necessary to maintain and conserve the built heritage.
- *Organic farms also tend to have high labour requirements.* Padel and Lampkin (1994)²⁶ estimated that increases in labour normally range between 10 and 25 per cent. Hird (1997)²⁷ suggested a similar range of between 10 and 30 per cent. Labour requirements depend very much on the type of enterprise mix: the more diverse the enterprise mixes the higher the labour requirements as the benefits of specialisation and economies of scale are lost. The conversion of more land to organic status could therefore provide more employment opportunities in rural areas.
- *Supporting Tourism:* it has been estimated²⁸ that 40% of employment in tourism depends on a high quality environment and landscape. This rises to between 60 and 70% in rural areas.
- *Wider economic development:* Evidence²⁹ suggests that environmental quality is important to rural development but the degree to which economic development in rural areas can be explained by the quality of the natural environment is both variable and limited. However, recent analysis by Defra shows that most (between 60 and 66%) of rural entrepreneurs are incomers, who are found to be significantly influenced in their migration decision by the attractive residential environment of rural areas. The same paper suggests that incomers are often more economically active than long term residents and each self-employed incomer creates an average of 2.4 full time jobs.

²⁵ *Traditional building craft skills: assessing the need, meeting the challenge*, National Heritage Training Group, 2005

²⁶ Padel S. and Lampkin N 1994. *Conversion to organic farming: an overview*. In: Lampkin N. *the economies of organic farming – an international perspective*.

²⁷ *Double Yield – jobs and sustainable food production*, SAFE Alliance, 1997

²⁸ *Valuing our Environment*, National Trust, 2002

²⁹ *The importance of the quality of the environment for economic and regeneration in rural areas*, University of Reading Report for Defra June 2004

Forestry

A study has been carried out for the Forestry Commission to estimate the values of social and environmental benefits of forestry. The benefits were estimated to add up to around £1000 million a year for GB.

- The value of woodland recreation was estimated to be around £400 million a year, based on a marginal value of £1.66 per visit to sample sites.
- The non-use value for woodland biodiversity was also estimated to be around £400 million a year, for ancient semi-natural woodland, new broadleaved woodlands and recent restructuring of conifer forests; these values were estimated separately for England, Scotland and Wales and added to obtain a GB total.
- The landscape value of broadleaved woodlands around towns, seen by residents and commuters, was estimated to be around £150 million a year.
- The value of carbon sequestration was estimated to be about £100 million, based on a value of £6.67 per tonne of carbon.
- The study was unable to identify substantial values for any other benefits, such as the health benefits of woodland air pollution absorption, forests' impact on water supplies and quality, or the protection of archaeological sites. In some cases this could be because of incomplete scientific understanding or the study's scope, and values might be established by further investigation.

Wider Health Benefits

Physical and psychological benefits: There is a shortage of quantitative data on the effects of public expenditure on improving the rural environment has on the health of the population. However, a report commissioned by the Forestry Commission³⁰ suggests that a permanent reduction of 1% unit in the UK sedentary population (from 23% to 22%) is estimated to deliver a social benefit of up to £1.44bn per year (£479m if older people are excluded from the calculation). This does not include psychological benefits from green space, where the benefits may also be substantial.

Social and Economic Impacts: Key Points

- There are direct economic benefits associated with the delivery of agri-environment schemes, as these create locally-based employment and help maintain the market for traditional skills.
- Indirect economic benefits are associated with the maintenance of landscapes, and tourism which depends on their quality and access to the countryside.
- Wider economic benefits, although much harder to quantify, are associated with both physical and mental health.

³⁰ [http://www.forestry.gov.uk/pdf/FChealth10-2final.pdf/\\$FILE/FChealth10-2final.pdf](http://www.forestry.gov.uk/pdf/FChealth10-2final.pdf/$FILE/FChealth10-2final.pdf)

Synthesis of Key Points

- Rural areas provide environments and landscapes which are associated with high quality of life, and which are attractive to residents and tourists. Demand for visits to the countryside, and for activities undertaken there, is increasing.
- Rural tourism is dependent to a very large extent on the quality of the landscape, and on the availability of activities in the countryside, including tranquility, scenery, open space, fresh air, and plants and wildlife.
- Long term changes in farming practice – for example intensification - have been associated with:
 - Declining employment in the primary sector
 - Loss, and fragmentation, of wildlife habitat, and associated decline in biodiversity;
 - Loss of historic features which help define distinctive rural landscapes; and
 - Water pollution as a result of agricultural activities.
- Agricultural activities are important contributors to greenhouse gas emissions, less because of CO₂ from energy use, but more in terms of the wider basket of gases. These are, in part, associated with the use of synthetic fertilisers and with farm practices such as management of manures.
- Positive contributions to CO₂ reduction targets from energy crops are at a low level at present, but are likely to increase in importance.
- The management of non-organic waste from agricultural businesses is changing, in line with the treatment of such waste from other industry sectors; this is likely to increase costs.
- The area of woodland is expanding, and wider social and environmental benefits from woodland management are now being recognised and more actively developed.
- The environmental performance of agriculture has been improving in recent years. There is clear evidence of declines in absolute levels of water pollution from agriculture, for example. However, much more rapid improvements in other sectors have increased agriculture's *relative* importance, particularly in relation to water pollution and climate change emissions.
- There is also some evidence, although very recent and therefore less well established as yet, of improvements biodiversity indicators. For example, populations of farmland birds are stabilising, but remain at levels well below those recorded historically.
- There is less consistent evidence of change in terms of landscape. For example, there has been a recent increase in the overall length of hedgerows, but long-term measurements of change in landscape show that many areas of England are changing, to a significant extent, in ways which are not in keeping with their historic character. Agriculture is identified as the land use most directly associated with these changes.
- Positive changes have been driven and supported by increasing spending in agri-environment and organic farming schemes over the last 15-20 years. The resources available under such schemes have increased significantly in absolute terms, but remain relatively small in comparison to mainstream subsidy payments.
- Existing government commitments indicate that resources available to agri-environment schemes will continue to increase significantly; this commitment is a key influence on the form of the RDPE.

- The environmental requirements made as part of the mainstream subsidy payments have increased, and are likely to have some limited positive effects against the issues above.
- Greater focus on the importance of aspects like habitat networks and catchment management over wider areas implies the need for expanded, and more structured focus, for future agri-environment schemes.

Annex II:
Scoping Report Consultation Responses

Strategic Environmental Assessment of the Rural Development Plan for England, 2007-2013

Annex II: Environmental Baseline

Introduction

The Rural Development Plan for England 2007-2013 (RDPE) is subject to a Strategic Environmental Assessment (SEA).

One of the first stages of the SEA process is the development of, and formal consultation on, a Scoping Report. The main objectives of the Scoping Report in this case were to provide, for the Consultation Authorities³¹:

- An outline of the overall approach to the SEA;
- A description of the broad types of interaction between the activities likely to be undertaken as part of the Plan and the wider environment;
- The types of environmental information which will form the baseline (annex I of this Environmental Report); and
- The assessment criteria to be used in the Environmental Report.

The Scoping Report for the RDPE was formally circulated in April 2006, and responses received by mid-June 2006. The table below shows the key issues raised, and the way in which the comments were taken on board during the production of the Environmental Report.

This formal aspect, however, was only one element of the consultation process as part of the development of the Environmental Report. As noted in the main body of the Environmental Report, a Steering Group was formed to oversee all stages of the SEA. This group included:

- Those with expertise on the thematic issues covered by the Plan, including representatives from each of the Consultation Authorities;
- Those with considerable experience of Strategic Environmental Assessment, including representatives from the Environment Agency and from Local Government and Communities (LCG), the Government Department responsible for the implementation of SEA in England;
- Wider partners, including a representative from the Regional Development Agencies network; and
- Staff from Defra, the Government Department responsible for the development of the Plan itself.

The group has met on a number of occasions throughout 2006 and 2007, and discussed the overall approach to the SEA and the Scoping Report specifically on an informal basis, before it was formally circulated.

Similarly, the group has discussed and commented in some detail, on draft versions of the Environmental Report, in advance of the formal consultation phase which runs from April – July 2007.

³¹ Consultation Authorities in England were, at the time the planning process for the RDPE was started, the Environment Agency (EA), English Heritage (EH), English Nature (EN) and the Countryside Agency (CA). EN and the CA were merged, during the period the RDPE was developed, to become Natural England.

Consultation Feedback and Responses to the Scoping Report	
Issues Raised	Response and changes made during development of the Environmental Report
Environment Agency	
Generally supportive of the approach, and of the opportunity to contribute through the Steering Group as well as formally in writing.	No response necessary.
The assessment methodology concentrates on water quality, and does not sufficiently consider water abstraction and flooding	Accepted: although water quality remains the primary focus, abstraction and flooding are also considered in the ER
The relationship between the UK Strategy (National Strategy Plan) and individual plans for UK Countries is not clear.	Text clarified; the SEA process has been applied only to the RPDE. Separate SEAs have been undertaken for other UK Countries. The NSP is a very high level outline document, and an SEA at that level would not be meaningful.
The Scoping Report indicates that social and economic factors are included in assessment criteria; these should not be used to justify negative environmental impacts.	Accepted – footnotes included in the ER emphasise that social and economic factors are additional to SEA criteria.
There is a need to clarify consultation arrangements.	Accepted; these arrangements were not fully described in the Scoping Report only because they were not finalised at the time of writing.
There is a potential conflict of interest in using data collected for the RDPE as the baseline for the SEA.	Accepted: a separate baseline has been prepared.
The Mid Term Evaluation will require screening to assess whether it may require its own SEA, and this should be taken into account when developing the timetable for the MTE	Partly accepted; in practice, the relationship between the SEA and MTE will be determined by the European Commission, but it is accepted that the MTE will, at the very least, provide an opportunity to report on progress in implementation of the SEA.
Gaps in data available to inform the SEA should be highlighted.	Accepted – a section on this has been included in the ER.
Various sources of data were suggested to better inform the SEA	Party accepted, taking on board the need for the SEA to remain focused.
The approach to alternatives based in varying financial allocations is agreed.	This approach has been used, as initially proposed.
The approach to the systems used to inform individual projects should be included under the Mitigation heading.	Accepted – Mitigation is discussed in chapter 6 of the ER.

English Nature	
Generally supportive of the approach, particularly in relation to the consideration, proposed in the Scoping Report, of delivery systems to ensure environmental integration.	No response necessary.
Consideration of alternatives could be extended to discuss the use of other funding streams and mechanisms (such as regulation) which might be used to achieve the agreed aims.	Not accepted, following discussion with Defra; although the principle of examining alternatives is one of the strengths of the SEA process, it requires boundaries in order to be effective.
A number of specific comments on data were submitted.	Partly accepted and integrated into the Baseline, within the constraints of keeping the SEA focused and of proportionate scale.
Countryside Agency	
A number of specific comments on data were submitted.	Partly accepted and integrated into the Baseline, within the constraints of keeping the SEA focused and of proportionate scale.
English Heritage	
A number of comments on data, specifically around the historic environment, were submitted.	Partly accepted and integrated into the Baseline, within the constraints of keeping the SEA focused and of proportionate scale.

Annex III:
Measure Level Environmental Assessment Matrices and Comments

Strategic Environmental Assessment of the Rural Development Plan for England, 2007-2013

Annex III: Measure Level Assessment Matrices

Introduction

The Rural Development Plan for England 2007-2013 (RDPE) is subject to a Strategic Environmental Assessment (SEA).

The core of the assessment process is the construction of a series of matrices, to enable systematic consideration of the likely environmental effects of the Plan.

In this case, for reasons of space and ease of understanding, summary matrices have been included in the main Environmental Report, and the detail matrices developed for each Measure of the RDPE are included in this Annex.

Axis One: Improving the Competitiveness of the Agricultural and Forestry Sectors

Measure Title: Vocational Training And Information Actions

The purpose of this measure is to ensure that those working (but not volunteers or those under the age of 16) in land-based sectors have an appropriate level of training and knowledge, largely in support of the delivery of other aspects of the RDPE, but also in respect of emerging economic and environmental changes in the sector, including, for example, the implementation of the Water Framework Directive. Evaluations of the ERDP, and of other material quoted in the RDPE, suggest that there is considerable demand for this type of activity, and draft Regional Implementation Plans show that regions have placed a high priority on training. The RDPE clearly emphasises the importance of integrating environmental issues across all training to be provided.

Eligible activities include management and business skills, ICT, crop and non-food crop husbandry, animal welfare, climate change adaptation, resource use efficiency (including water), bio-energy, and recreation and access provision.

Delivery will be through a range of mechanisms, including seminars, business clubs, workshops and mentoring, as well as more traditional classroom training.

Issue	Likely Impact	Mitigation / comment
Nature conservation & biodiversity	There is clear commitment to the integration of biodiversity management in all training as appropriate – strong positive impact likely ++	None necessary
Water quality & management	Implementation of training around more targeted use of fertiliser and water use is likely to improve water quality; the Water Framework Directive is mentioned specifically – strong positive impact likely ++	None necessary
Reduce climate change emissions and seek to adapt to the effects of climate change	Training on energy efficiency and expansion of knowledge of opportunities in relation to biofuel are likely to help <i>reduce carbon dioxide emissions</i> ; reductions in generation of other greenhouse gases may to a lesser extent from measures to improve the use of fertilisers and manage farm waste – moderately strong, positive, secondary impact likely + / ++ Training in climate change <i>adaptation</i> will also be beneficial in the longer term, moderately strong, positive, secondary impact likely secondary impact likely + / ++	None necessary
Reduce and improve the management of waste	This is an explicit aim of training – strong, secondary, positive impact likely ++	None necessary
Promote the protection and enhancement of soil structures	Although not mentioned explicitly, training content in these issues may be included under the broad commitment to environmental integration	The text could be refined to make this commitment explicit. Impact

Promote the conservation and enhancement of distinctive landscape features	– limited, positive, secondary impact possible +	including mitigation ++
Reduce degradation and loss, and promote the care and maintenance of historic features and buildings		
Improve access to countryside recreation	Training on this is specifically included in the measure; strong, secondary, positive impact likely +	None necessary
Create economic and employment opportunities, particularly for those in identified target groups and areas?	This is a key aim of the measure; however, it is not consistent to include social enterprises in the list of possible businesses taking part, but at the same time to exclude volunteers – moderate, positive, secondary impact likely	The scope of the measure could, if regulations permit, be widened to include volunteer beneficiaries. Impact including mitigation ++
Contribute towards sustainable communities	As above	
Improve understanding of environmental issues and solutions for those working in the agricultural and forestry sectors, and among the wider rural community and visitors?	This is the central aim of the measure – strong positive impact likely ++	None necessary

Measure Title: Use Of Advisory Service By Farmers And Forest Holders

The RDPE notes that the agricultural aspects of this measure (advisory services for farmers) will be funded from sources outwith the programme. It is, at present, proposed to concentrate this measure on those working in forestry, and on farmers seeking to improve the management of woods on their land. The objective of the measure is to improve the sustainable management of neglected woodlands, in support of woodland management policies and grants described under Axis 2. There is a clear, strong commitment to all aspects of environmental good practice in the delivery of all such policies.

Issue	Likely Impact	Mitigation / comment
Nature conservation & biodiversity	Explicit aim of the measure- likely strong, positive impact in relation to conservation and biodiversity of woodlands ++	None necessary
Water quality & management	Insofar as better management of woodlands is likely to have some benefits in terms of water management (reducing acidification and using woodland to help filter and reduce runoff), Positive impacts are likely +	None necessary
Reduce climate change emissions and seek to adapt to the effects of climate change	No impacts likely in relation to emissions 0 Improved management of woodlands will help ensure a network of habitat is available to facilitate species migration caused by climate change; limited positive impacts 0/+.	None necessary
Reduce and improve the management of waste	No significant impact likely 0	None necessary
Promote the protection and enhancement of soil structures	No significant impact likely 0	None necessary
Promote the conservation and enhancement of distinctive landscape features	Native woodlands are themselves part of the historic landscape, and a moderate positive impact is likely +	None necessary
Reduce degradation and loss, and promote the care and maintenance of historic features and buildings	Commitment to this aim is included within wider policies supported by this Measure – moderate positive impact likely +	None necessary
Improve access to countryside recreation	The promotion of better access to woodlands for recreation is a key aim of this measure – strong, secondary, positive impacts likely + / ++.	None necessary
Create economic and employment opportunities, particularly for those in identified target groups and areas?	No significant impacts are likely outwith the stated target group; wider policies supported by this Measure include clear commitments to contribution to local economies and wider stakeholder involvement	None necessary
Contribute towards sustainable communities		
Improve understanding of environmental issues and solutions for those working in	Improved understanding of issues around sustainable forestry is the aim of this measure – strong positive impact likely	None necessary

the agricultural and forestry sectors, and among the wider rural community and visitors?	++.	
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Measure Title: Setting Up Of Farm Management, Farm Relief And Farm Advisory Services, as well as of Forestry Advisory Services

This measure provides for the establishment of support services for farmers and foresters, and as such is closely tied to the measure above. It is proposed to use the RDPE resource specifically for supporting foresters and farmers whose land includes woods, with the aim of improving the value generated from forests through economic activity. Examples include supply chain projects to improve the market for woody biomass, projects seeking to develop and market value-added forestry products, and the growing, harvesting and processing of renewable energy crops.

As above, this Measure provides capacity to help deliver aims described more fully under Axis 2, and there is clear commitment to delivery of all activities within a strong framework of environmental protection.

Issue	Likely Impact	Mitigation / comment
Nature conservation & biodiversity	While there is potential for renewable energy crops to impact negatively on biodiversity, there is clear commitment in the measure text to ensuring that all activity undertaken is appropriate to both the needs of forest holders and the woodlands themselves – likely limited positive impact 0 / +	Expansion of renewable energy crops may have potential impacts on biodiversity; local decision-making process will be required which can take this into account.
Water quality & management	Renewable energy crops are likely to be established and harvested on a perennial basis, reducing the potential for runoff: No significant impacts likely 0	As above
Reduce climate change emissions and seek to adapt to the effects of climate change	The wider use of renewable energy will contribute directly towards a reduction in carbon emissions, albeit as a niche market. However, studies show clearly that the scale of benefits expected relates to the distance fuel is carried (shorter distances use less fossil fuel in road transport). Therefore, the extent of benefits will be determined by the existence of, and access to, local markets – uncertain scale, but positive impacts likely 0 / + / ++ In terms of adaptation, no significant impacts are likely 0 .	Implementation should be part of a wider regional strategy for the development of biomass crops, including the development of local markets for energy crops which minimise the need for transport. The development of such markets will depend on the approach taken through other measures and funding streams, highlighting the need for co-ordination.
Reduce and improve the management of waste	No significant impacts likely 0 (although some benefits may arise from the use of wood waste as a fuel)	None necessary
Promote the protection and enhancement of soil structures	Impacts will depend on the type and location of fuel crops, but commitment to avoiding negative impacts is given. No significant impacts likely 0	The uncertainty around these impacts highlights the need for a robust decision-making process and support for those developing projects.
Promote the conservation and enhancement of distinctive landscape features		

Reduce degradation and loss, and promote the care and maintenance of historic features and buildings		
Improve access to countryside recreation	No significant impacts likely 0	None necessary

<p>Create economic and employment opportunities, particularly for those in identified target groups and areas?</p>	<p>The development of biomass and other added-value forest products are likely to be positive in terms of economic opportunity; the geography of opportunities will be determined by local circumstance. Impact likely to be positive, depending on the projects selected +</p>	
<p>Contribute towards sustainable communities</p>	<p>Other than the above, no significant impacts are likely 0.</p>	
<p>Improve understanding of environmental issues and solutions for those working in the agricultural and forestry sectors, and among the wider rural community and visitors?</p>	<p>There is commitment in the text of the measure to promoting understanding of the benefits of energy crops and value-added products, within the wider framework of managing biodiversity. Positive impacts likely +.</p>	<p>None necessary, as long as local circumstances are reflected.</p>

Measure Title: Modernisation Of Agricultural Holdings

The RDPE proposes to use this measure to achieve two aims. Firstly, it will support on-farm infrastructure improvements such as that necessary to better manage water, support renewable energy projects, alternative agricultures into non-food crops or to improve crop storage. Secondly, it will promote the planting of perennial energy crops, which have very high establishment costs, but which then provide a yield for up to 30 years. Studies quoted in the RDPE suggest that the benefits, in terms of reduced carbon emissions, are greatest in regions where such crops can substitute for fossil fuel use – this clearly depends on the take up of plant capable of using energy crops. As this is to a large extent outwith the remit of this Measure and of the RDPE more widely, it emphasises the need for an integrated regional approach to enable successful delivery.

Issue	Likely Impact	Mitigation / comment
Nature conservation & biodiversity	Impacts will depend on the current use of land to be planted – impacts uncertain but potentially significant - / 0 / +	The decision-making process for renewable energy planting should involve an assessment of the current conservation value of the land and likely impact.
Water quality & management	Impacts associated with improvements in water management infrastructure are likely to be positive + / ++ Impacts in relation to planting of renewable energy crops uncertain but potentially significant - / 0 / +	As above
Reduce climate change emissions and seek to adapt to the effects of climate change	Reduction of emissions is a central aim of the measure – strong positive impact likely ++ Infrastructure, particularly around water management, may contribute positively to adaptation at limited levels 0 / +	None necessary
Reduce and improve the management of waste	Renewable energy infrastructure potentially includes the use of biological wastes – limited positive impact likely +	The capacity to carry out this type of work could be made more explicit in the Programme
Promote the protection and enhancement of soil structures	Soil disturbance will be limited in relation to planting, and the measure text highlights the availability of good practice material in relation to harvesting – no significant impact likely 0.	None necessary
Promote the conservation and enhancement of distinctive landscape features	Impacts will depend on the land to be planted; some negative impacts possible - / 0	The decision-making process should involve an assessment of the landscape setting in which planting is proposed.
Reduce degradation and loss, and promote the care and maintenance of historic features and buildings	Impacts will depend on the land to be planted; some negative impacts possible - / 0	As above
Improve access to countryside recreation	Impacts will depend on the land to be planted: some negative impacts possible - / 0	The decision-making process should involve a check to ensure there will be no net loss of access.

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<p>Create economic and employment opportunities, particularly for those in identified target groups and areas?</p>	<p>Depending on the use of fuel produced, there is the possibility for positive secondary impacts through improved heating and lower energy costs for users – possible limited, positive impact 0 / +</p>	<p>The extent to which this aim is delivered will depend on the adoption of facilities to make use of the biomass fuel produced locally.</p>
<p>Contribute towards sustainable communities?</p>		

<p>Improve understanding of environmental issues and solutions for those working in the agricultural and forestry sectors, and among the wider rural community and visitors?</p>	<p>To some extent, a higher profile for growing of energy crops may increase awareness of this type of renewable energy; possible limited, positive impact 0 / +</p>	<p>Following from the above, it will be important to include an element of promotion in the overall strategy to ensure uptake</p>
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Measure Title: Improving The Economic Value Of Forests

Declines in timber prices have reduced net income from forest management; without such management, there is likely to be a decline in the ecological, as well as economic, value of forests. In addition, while there are public benefits from improved access to forests and woodlands (in terms of recreation and health) there are generally limited ways of linking those public benefits to the income of the land managers providing them. This measure therefore seeks to provide support for activities with wider public benefits, including the use of wood as a renewable fuel, enhancing biodiversity and cultural heritage, improving public access and helping manage water resources. All investments must comply with existing Forestry Commission standards, and contribute towards national and regional woodland strategies.

Issue	Likely Impact	Mitigation / comment
Nature conservation & biodiversity	Central aim of the measure - Strong positive impact likely ++	None necessary
Water quality & management	Partial aim of measure, where water management relates to woodland management – limited positive impact likely +	None necessary
Reduce climate change emissions and seek to adapt to the effects of climate change	Reduction of emissions is an aim of measure – positive impacts likely + / ++ In relation to adaptation, no significant impacts are likely 0	None necessary
Reduce and improve the management of waste	To the extent that the measure is likely to improve and add value to the management of forest waste, limited positive impact is possible 0 / +	None necessary
Promote the protection and enhancement of soil structures	Better management of forests may help reduce soil erosion – very limited, positive effects likely 0 / +	None necessary
Promote the conservation and enhancement of distinctive landscape features	Aim of the measure in relation to woodland – moderate positive impact likely +	None necessary
Reduce degradation and loss, and promote the care and maintenance of historic features and buildings	Existing standards emphasise the need to maintain and enhance historic features wherever possible – possible limited, positive impacts likely 0 / +	None necessary
Improve access to countryside recreation	Central aim of the measure – strong positive impact likely ++	None necessary
Create economic and employment opportunities, particularly for those in identified target groups and areas?	Likely limited, positive impact +	None necessary
Contribute towards sustainable communities	Insofar as the measure contributes towards improved recreational facilities, some positive impact is likely +	None necessary
Improve understanding of environmental issues and solutions for those working in the agricultural and forestry sectors, and among the wider rural community and	By implication, the measure will encourage greater awareness and understanding among those involved in forestry; depending on the recreational and interpretive materials developed, possible positive impacts among the wider public	None necessary

visitors?	may also occur + / ++	
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Measure Title: Adding Value To Agricultural And Forestry Products

Measure Title: Co-Operation For The Development Of New Products, Processes And Technologies

The aim of both of these measures is, respectively, to improve the processing and marketing of primary agricultural and forestry products through investment in improved efficiency (including better use of material resources), renewable energy, and innovation, and to encourage a greater degree of co-operative action both horizontally (e.g. between farmers) and vertically (throughout the supply chain) while doing so. The outcomes are framed mainly in terms of the introduction and adoption of new technologies, and the development of new products and processes, although the introduction of quality standards and enhanced environmental performance are also included. .

As the encouragement of innovation is central to these activities, no detailed project types are specified beyond those above; some general principals include the promotion of co-operative action between farmers, and between those in forest industries, with the aim of supporting activities which deliver economies of scale.

In this context, it is clearly not possible to predict the likely environmental outcomes of projects at this stage. It is, however, possible to make the general comment that a focus on renewable energy is very likely to have positive impacts in terms of climate change emissions, since eventual outcomes will necessarily depend on the projects selected at regional level and the manner of their delivery.

As with some other measures, this highlights the need for a robust assessment process to be put in place at regional level, to ensure that activities developed take account of local environmental conditions and aims, as well as economic ones. More detail on this is given in the Environmental Report, in the section on mitigation.

Measure Title: Infrastructure Related to the Development and Adaptation of Agriculture and Forestry

This measure will be used to support two complementary types of infrastructure in relation to woodland management. Firstly, it will cover activities which will improve access to forests, both to facilitate extraction of timber, Secondly, the Measure will also support construction of basic buildings or storage facilities which will enable more value-added activities to be undertaken. In addition, the Measure includes the potential to improve public access and to improve or restore water bodies where the activity would contribute to the economic viability and environmental value of the wood. As with all forestry Measures, there is an explicit commitment to consider and promote conservation and biodiversity issues in all projects, seeking to deliver net gains wherever possible.

Issue	Likely Impact	Mitigation / comment
Nature conservation & biodiversity	Stated aim to add value where possible – likely, moderate positive impact +	None necessary
Water quality & management	Partial aim of measure; likely positive impact +	None necessary
Reduce climate change emissions and seek to adapt to the effects of climate change	Improved management of woodlands, against both reduction of emissions and adaptation, may have some limited positive impacts 0 / +	None necessary
Reduce and improve the management of waste	No significant impact likely 0	None necessary
Promote the protection and enhancement of soil structures	No significant impact likely 0	None necessary
Promote the conservation and enhancement of distinctive landscape features	Where such features are related to forestry, there is commitment to manage impacts positively – no negative impacts likely 0	None necessary
Reduce degradation and loss, and promote the care and maintenance of historic features and buildings	Existing standards emphasise the need to maintain and enhance historic features wherever possible - neutral or limited positive impacts likely 0 / +	There may be potential, in occasional circumstances, to re-use redundant historic buildings in line with the aims of the Measure.
Improve access to countryside recreation	Access in this case is for management rather than recreation, but may contribute towards the latter in some cases: marginal positive impacts likely 0/+	None necessary
Create economic and employment opportunities, particularly for those in identified target groups and areas	The geography of benefits will depend on the specific projects supported, but is likely to be positive +	None necessary
Contribute towards sustainable communities	Beyond those above, no significant impacts likely 0	None necessary
Improve understanding of environmental issues and solutions for those working in the agricultural and forestry sectors, and among the wider rural community and	Delivery of projects in line with existing guidance will have some limited, positive, secondary impact 0 / +	

visitors?		
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Axis 2: Improving the Environment and Countryside

Measure Title: Payments to Farmers in Areas with Handicaps, other than Mountain Areas

This Measure is targeted at the English Uplands, designated as Less Favoured Areas (LFA), which form 17% of English agricultural land. LFA payments are, currently, justified on the basis of the lower incomes and greater difficulties associated with farming in those areas. As with other support schemes, there has been a long-term move away from production subsidies and towards greater emphasis on environmental and landscape issues which are closely associated with patterns of farming in LFA areas.

The RDPE will continue to deliver the existing Hill Farm Allowance scheme until 2009. From 2008, the geographic focus will be narrowed to concentrate on Severely Disadvantaged Areas (SDAs), which, as noted in the programme, generally have higher landscape and biodiversity values. From 2010, LFA support will be merged with mainstream Environmental Stewardship schemes described below. Until that time, HFA support will be concentrated on extensive livestock farming, excluding dairy farming, with the overall aims of maintaining rural communities, biodiversity and countryside. The assessment below is based on the HFA scheme as it stands at present; the assessment of Environmental Stewardship schemes is below.

Issue	Likely Impact	Mitigation / comment
Nature conservation & biodiversity	This is a central aim of the scheme; strong, positive impact likely ++	None necessary
Water quality & management	Extensive livestock farming is unlikely to generate significant water quality issues – no impact likely 0	None necessary
Reduce climate change emissions and seek to adapt to the effects of climate change	No significant impacts likely 0	None necessary
Reduce and improve the management of waste	No significant impacts likely 0	None necessary
Promote the protection and enhancement of soil structures	No significant impacts likely 0	None necessary
Promote the conservation and enhancement of distinctive landscape features	A central aim of the scheme is the maintenance of farming practices which are closely associated with existing landscape – strong positive impact likely ++	None necessary
Reduce degradation and loss, and promote the care and maintenance of historic features and buildings	No significant impacts likely 0	None necessary
Improve access to countryside recreation	No significant impacts likely 0	None necessary
Create economic and employment opportunities, particularly for those in identified target groups and areas	Insofar as the scheme is targeted at disadvantaged areas which are defined partly by the socio-economic characteristics, there are likely to be positive secondary impacts from local spending of support – moderate positive impact likely +	None necessary
Contribute towards sustainable	As above, moderate positive impact likely +	None necessary

communities		
<p>Improve understanding of environmental issues and solutions for those working in the agricultural and forestry sectors, and among the wider rural community and visitors?</p>	<p>The HFA scheme literature has text around environmental aims – limited positive impact likely 0 / +</p>	<p>None necessary</p>

Measure Title: Agri-Environment Payments

Farming practices and subsidies in England, as elsewhere in Europe, have been associated with the long-term loss of habitat and decline of biodiversity. A significant element of the public sector response to this situation has been the development and widening implementation of agri-environment schemes in recent years. Such schemes are designed to provide financial support for farmers to deliver activities which provide public (i.e. non-market) goods in terms of environmental quality. This Measure describes some of the history of this approach. The current proposals, which form the largest single element of the RDPE as a whole, are an evolution of past work. Three schemes are to be supported under the overall Environmental Stewardship heading:

The **Entry Level Scheme (ELS)** is the main focus of this Measure, and of the RDPE as a whole. It is designed to deliver environmental benefits over a very significantly wider geographic area than in the past, and, as such, it is intended that entry should be open to all farmers in England. The whole farm must be included in the agreement, and a fixed payment is made for each hectare under management. This large-scale coverage means that ELS has been designed for ease of application and assessment. It comprises a points-based system³² with options grouped under the headings of boundary features, trees and woodland, historic and landscape features, buffer strips and field margins. There are also specific options for arable land, to encourage a range of crops, to protect soils, for lowland grassland, within uplands, and for the creation of management plans. The points system is weighted to reflect both the benefits and work required in delivery.

The **Organic Entry Level Stewardship (OELS)** is has very similar aims similar to ELS, open to farmers who manage all or part of their land organically and who are not receiving aid under the Organic Aid Scheme (OAS) or the Organic Farming Scheme (OFS).

The *Higher Level Scheme (HLS)* is more targeted, aimed at the most valuable habitats and features which require complex management, and in particular, Natura 2000 Sites. In some cases, improved management of habitats with particular relevance for climate change (such as peat bogs) will help reduce emissions from natural sources, and the recreation of habitat such as salt marsh will contribute towards adaptation. The option exists under HLS to go beyond management of the existing resource, and specifically to restore or recreate habitat, and to repair or recreate traditional buildings and landscape features. HLS also, explicitly, provides support for the promotion of public access and understanding, including the creation of paths to features which are not currently accessible

HLS will also contribute, indirectly, to flood management by increasing water storage at both the field and catchment level, but such measures will be included only where they also contribute to one of the central aims of the scheme (Wildlife conservation, maintenance and enhancement of landscape quality and character, natural resource protection, protection of the historic environment, promotion of public access and understanding of the countryside)

The table below assesses the likely impact of ELS; comments below then draw out the likely differences in impact associated with OELS and HLS.

³² See <http://www.defra.gov.uk/erdp/schemes/els/handbook/chapter3-index.htm> for details

Issue	Likely Impact	Mitigation / comment
Nature conservation & biodiversity	This is the central aim of the Scheme – strong positive impact likely against a range of habitats, particularly for extensively ranging species ++	None necessary
Water quality & management	This is a central aim of the Scheme – strong positive impact likely through support for buffer strips and management of ditches and other boundary features ++	None necessary
Reduce climate change emissions and seek to adapt to the effects of climate change	The expected widespread adoption of ELS will help ensure that species changing their range because of climate change are able to do so more easily, as networks of habitat become less isolated – strong positive impact likely in relation to adaptation ++ A study is underway at present to determine the impact of current measures on emissions, and the findings will contribute towards the next revision of ES – limited positive impact likely +	None necessary
Reduce and improve the management of waste	This is covered by the Scheme only in relation to the production of manure management plans, rather than in terms of direct implementation – very limited, positive impacts likely 0 / +	None necessary
Promote the protection and enhancement of soil structures	Many of the measures proposed will help safeguard soils by reducing run-off and encouraging a range of crop types. The identification of fields at high risk of soil erosion is a required part of the initial analysis – strong positive impact likely ++	None necessary
Promote the conservation and enhancement of distinctive landscape features	This is a central aim of the Scheme – very strong positive impact likely ++	None necessary
Reduce degradation and loss, and promote the care and maintenance of historic features and buildings	This is a central aim of the Scheme – very strong positive impact likely ++	None necessary
Improve access to countryside recreation	This is not covered by the Scheme	It may be appropriate to review the extent to which ELS could incorporate access and countryside recreation in the future, taking into account other funding streams with this aim.
Create economic and employment opportunities, particularly for those in identified target groups and areas	Not a central aim of the Scheme, but likely to be some spin-off benefits from locally-commissioned work – limited positive impact likely +	
Contribute towards sustainable communities	Limited to the above	

<p>Improve understanding of environmental issues and solutions for those working in the agricultural and forestry sectors, and among the wider rural community and visitors?</p>	<p>The widespread promotion and expected uptake of ELS will, by its implementation, improve awareness and understanding among a broader range of farmers and land managers. There is less likelihood of impact among the wider community – <i>moderate positive impact likely +</i></p>	<p>None necessary</p>
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Impacts of the Organic Entry Level Scheme

The activities promoted under the Organic Entry Level Scheme are almost exactly the same as those described above, with slight variations to reflect the different nature of organic farming. Differences in eventual environmental impact are likely to include a greater positive impact on biodiversity and on water quality, associated with the avoidance of artificial fertilisers. Insofar as such external inputs are energy intensive, there will be limited but positive impacts on climate change emissions. There are also likely to be greater employment benefits, since organic holdings are generally more labour intensive.

Overall, strong positive impacts are expected against all headings, other than access to countryside recreation.

Impacts of the Higher Level Scheme

A greater concentration, but small absolute levels, of funding are available under the HLS, in comparison to the ELS. This concentration, including the provision of expert advice, means that greater positive impacts are likely in respect of all SEA criteria appropriate to the individual application. In addition, public access is included in the scope of HLS, and HLS will also assist in conservation of locally-adapted, hardy and rare breeds of farm animals and of traditional varieties of fruit trees.

Overall, very strong positive impacts are likely against all headings, with the exception of waste management.

Measure Title: Support for Non-Productive Investments

Although described as a separate Measure, the RDPE states that support under this heading will be used to underpin management agreements made under the HLS. Examples of activities which might be funded include the restoration and re-instatement of traditional boundary features, historic landscape features and buildings, habitats and changes to tracks, gateways and paths to improve the protection of soil and water and improve public access.

The impacts from this Measure are effectively the same as those expected from the HLS as a whole, and are therefore not assessed separately. Given that activities will be undertaken only as part of a plan agreed with the input of environmental expertise, impacts are likely to be very strongly positive against all headings, with the exception of the management of waste, which is not an objective of the scheme.

Forestry Measures

The remaining Measures under Axis 2 are available for use only in connection with forests and woodlands. The assessment matrices for these Measures take account of this focus.

All Measures are developed in line with the England Forestry Strategy, and are underpinned by the promotion of (and in some cases, requirement to comply with) the UK Woodland Assurance Scheme³³. In addition, the RDPE describes in detail the existing procedure for environmental assessment of different types of forestry operations (road and quarry works, afforestation, deforestation) in England. These procedures set thresholds, by scale of operation, which trigger the need for Environmental Assessment. Thresholds are lower in designated conservation and landscape areas.

Measure Title: First Afforestation of Agricultural Land

It is intended to use this Measure firstly, to establish permanent deciduous woodland on agricultural land under the England Woodland Grant Scheme. Secondly, the Measure will support the establishment of perennial energy crops (short rotation coppice) on agricultural land, for the production of renewable energy.

All woodland established will be adapted to local conditions, and will seek to protect and enhance biodiversity, recreation, water, heritage and landscape. The scheme operates on a challenge basis, with these issues and others taking into account in the scoring system.

To maximise public benefit, planting will be targeted:

- close to centres of population where there is inadequate provision of access to existing woodland
- to buffer, enlarge or create habitat networks which enhance high value nature woodlands; and
- to buffer watercourses or to prevent soil erosion as part of an approach to catchment sensitive farming

Measure Title: First Afforestation of Non-Agricultural Land

The assessment below also applies to this measure. Its aims are almost identical, but its application is, as in the title, targeted at non-agricultural land.

³³ See <http://www.ukwas.org.uk>

Issue	Likely Impact	Mitigation / comment
Nature conservation & biodiversity	Central aim of the Measure – strong positive impact likely ++	None necessary
Water quality & management	Central aim of the Measure, as part of a wider strategy – positive impact likely +	None necessary
Reduce climate change emissions and seek to adapt to the effects of climate change	Reduction in fragmentation will help permit species migration in line with adaptation aims – positive impact likely + Renewable energy crops will substitute for fossil fuel use. Positive impact likely, scale dependent on specific activities + / ++	The scale of positive impact from renewable energy crops depends on the availability of local markets, as benefits diminish with transport distance. Planting decisions should take this issue into account to ensure strongest possible positive impacts
Reduce and improve the management of waste	<i>No impacts likely 0</i>	None necessary
Promote the protection and enhancement of soil structures	Central aim of the Measure, as part of wider strategies – positive impact likely +	None necessary
Promote the conservation and enhancement of distinctive landscape features	Existing legislation requires (project level) Environmental Assessment of new woodland schemes with thresholds depending on location and type. Insofar as broadleaf woodland forms part of the landscape, positive impacts are likely +	None necessary
Reduce degradation and loss, and promote the care and maintenance of historic features and buildings	As above, existing legislation seeks to safeguard existing historic features and therefore reduce loss – no negative impacts likely 0	None necessary
Improve access to countryside recreation	This is a central aim of the Measure – strong positive impact likely ++	None necessary
Create economic and employment opportunities, particularly for those in identified target groups and areas	Benefits will depend on the location of planting – moderate positive impact possible 0 / +	
Contribute towards sustainable communities	As above – moderate positive impacts likely in terms of access to local woods +	
Improve understanding of environmental issues and solutions for those working in the agricultural and forestry sectors, and among the wider rural community and visitors?	Planting of renewable energy crops will require a degree of understanding and awareness of their contribution to energy and climate change aims (and relates to training measures under Axis 1); Limited positive impacts likely 0 / +	There is potential for the promotion of awareness among the wider public depending on the interpretive facilities included in accessible woodland planting. Where these are included, positive impacts would be strengthened + / ++

Measure Title: Forest Environment Payments

The primary aim of UK Forestry Policy is the sustainable management of existing woods and forests. The England Forestry Strategy includes a commitment to support the management of existing woodland, particularly that designated as ancient semi-natural. There has been a decline in biodiversity in woodland, and the primary aim of this Measure is to address that decline by increasing the area of woodland, particularly that with high nature value, that is managed in the public interest and enhances environmental benefits.

Environmental and public benefit criteria are applied throughout the application process, including description of the baseline position. Woodland properties of 30ha or more must also be certified to the UK Woodland Assurance Standard, which emphasises these concerns. Grants under this Measure are expected to cover a range of activities, including management of biodiversity, soil and ground water protection, woodland canopy and floor management, management of veteran trees and of archaeological and cultural heritage features, maintenance of boundaries, and controlling the impacts of non-native species and of deer. Priority will be given, where resources are limited, to those delivering specified environmental and biodiversity priorities.

Issue	Likely Impact	Mitigation / comment
Nature conservation & biodiversity	Central aim of Measure – very strong positive impact likely ++	None necessary
Water quality & management	Aim of Measure – strong positive impact within woodland context likely + / ++	None necessary
Reduce climate change emissions and seek to adapt to the effects of climate change	Management of woodland is likely to have benefits in terms of widening the range of habitat and permitting species migration in line with adaptation aims – positive impact likely + . Woodland management is also likely to have (more limited) benefits in terms of fixing of carbon – moderate positive impact likely +	None necessary
Reduce and improve the management of waste	Not relevant to the Measure	None necessary
Promote the protection and enhancement of soil structures	Soil protection is a partial aim of the Measure – positive impacts likely +	None necessary
Promote the conservation and enhancement of distinctive landscape features	Insofar as ancient woodland contributes towards distinctive landscapes, positive impacts are likely +	None necessary
Reduce degradation and loss, and promote the care and maintenance of historic features and buildings	Partial aim of Measure – positive impacts likely within woodland context +	None necessary
Improve access to countryside recreation	Although not an explicit aim of this Measure, the UK Woodland Assurance Standard includes requirements in relation to maintenance and enhancement of public access – limited positive impact likely 0 / +	None necessary
Create economic and employment opportunities, particularly for those in identified target groups and areas	The UK WAS includes requirements in relation to the promotion of links with the local rural economy – positive impact likely +	None necessary
Contribute towards sustainable communities	The UK WAS includes requirements on community and stakeholder consultation – positive impact likely +	None necessary

Improve understanding of environmental issues and solutions for those working in the agricultural and forestry sectors, and among the wider rural community and visitors?	By its nature, the implementation of this Measure, and associated promotion of the UKWAS, will help achieve this aim – positive impact likely +	None necessary
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Axis 3: Quality of Life in Rural Areas and Diversification of the Rural Economy

As with Axis 1, the RDPE provides an England-wide menu of activities from which Regional Partnerships can select those which offer most potential in their areas. A number of the Measures under this heading are open to a high degree of variation in practice, in that the socio-economic aims are broadly defined, but the activities to be supported are left open to encourage innovation at local level. In these cases, it is not possible to assess likely impacts with confidence, but comment is made in the following chapter about the way in which the processes set up might integrate environmental concerns.

Measure Title: Diversification into Non-Agricultural Activities

The aim of this Measure is to support farm businesses restructuring through the development of diversified activities. It is targeted at members of farm households. While it is not possible to identify all of the activities which might be supported, examples might include projects which add value through processing of primary products, retailing, manufacturing or service industries, environmental technologies and services, including traditional trades, and activities around renewable energy, complementing planting activities under other RDPE Measures.

Support will be provided through grants, start-up revenue costs, market research and feasibility studies, and accessing bespoke technical assistance and training.

Measure Title: Support for the Creation of Micro-Enterprises

This Measure is targeted at the creation and development of micro-enterprises in the wider rural economy. Micro-enterprises are those which employ less than 10 people, and whose annual turnover does not exceed €2m. Such businesses form a greater proportion of the business base in rural areas than in urban locations.

The types of activity and support envisaged are very similar to those described above, and so the assessment matrix common to both Measures.

Issue	Likely Impact	Mitigation / comment
Nature conservation & biodiversity	Uncertain impact , depending on projects selected and their delivery - / 0 / +	It is not possible to predict the likely impacts of this Measure with confidence, as the range and delivery of activities will depend on local circumstances. However, it is possible for the SEA to comment on the processes through which projects are selected and support; this is discussed in the Environmental Report in the section on mitigation.
Water quality & management		
Reduce climate change emissions and seek to adapt to the effects of climate change	Adaptation projects are less likely – no significant impact expected 0 Activities around renewable energy are likely to be positive in terms of helping reduce carbon emissions (especially where local markets exist); impact of other activities will depend on the projects selected and delivery – uncertain impact - / 0 / +	
Reduce and improve the management of waste	Uncertain impact , depending on projects selected and their delivery - / 0 / +	
Promote the protection and enhancement of soil structures		
Promote the conservation and enhancement of distinctive landscape features		
Reduce degradation and loss, and promote the care and maintenance of historic features and buildings		
Improve access to countryside recreation	Probable limited positive impact , where this is the focus of specific activities +	
Create economic and employment opportunities, particularly for those in identified target groups and areas	Central aim of Measure – strong positive impacts likely + / ++	
Contribute towards sustainable communities	Possible positive impact depending on the degree of spin-off from the above 0 / +	
Improve understanding of environmental issues and solutions for those working in the agricultural and forestry sectors, and among the wider rural community and visitors?	Uncertain impact , depending on projects selected and their delivery - / 0 / +	

Measure Title: Encouragement of Tourism Activities

Tourism is a key part of the rural economy in many areas, but is often associated with low-paid, seasonal employment. The aim of this Measure is to add value to the tourism industry and its links to other aspects of the rural economy by providing support for existing and new, niche market, tourism businesses. Possible activities include small scale infrastructure including recreational infrastructure, provision of information, e-information and marketing, accommodation upgrading, assisting tourism businesses to develop collaborative projects, promotion of niche markets, such as those around green tourism, and local foods and crafts.

Support will be provided through small-scale capital grants, start-up revenue costs, market development activities, and bespoke training and technical assistance.

Issue	Likely Impact	Mitigation / comment
Nature conservation & biodiversity	While nature-based tourism can help create demand for high quality environments, visitor pressure can also impact on the sites and species themselves – impacts uncertain but potentially significant - / 0 / +	It is not possible to predict the likely impacts of this Measure with confidence, as the range and delivery of activities will depend on local circumstances. However, it is possible for the SEA to comment on the processes through which projects are selected and support; this is discussed in the Environmental Report in the section on mitigation.
Water quality & management	<i>No significant impact likely 0</i>	
Reduce climate change emissions and seek to adapt to the effects of climate change	No significant impacts likely 0	
Reduce and improve the management of waste	In terms of emissions, the majority of tourists travel by car, so increasing numbers will be associated with increasing emissions; however, but there is potential for demand from environmentally-conscious tourists to influence the behaviour of tourism businesses and encourage take up of environmental management and standards – impacts uncertain - / 0 / +	
Promote the protection and enhancement of soil structures	No significant impact likely 0	
Promote the conservation and enhancement of distinctive landscape features	Rural tourism depends, to a large extent, on the attraction of such landscapes, but small scale activities are unlikely to impact significantly on landscapes 0	
Reduce degradation and loss, and promote the care and maintenance of historic features and buildings	Cultural & heritage tourism is also a significant component of the market; as with nature conservation, the impact on individual sites may be variable - / 0 / +	
Improve access to countryside recreation	Probable positive but uncertain impact , given the nature of rural tourism 0 / +	
Create economic and employment opportunities, particularly for those in identified target groups and areas	This is the central aim of the Measure – strong positive impact likely ++	

Contribute towards sustainable communities	Benefits associated with improvements in local facilities, including the economic sustainability of services partly catering for tourists – moderate positive impacts likely +	
Improve understanding of environmental issues and solutions for those working in the agricultural and forestry sectors, and among the wider rural community and visitors	Possible positive, but uncertain impacts , depending on the specific projects supported and their educational content 0 / +	

Measure Title: Basic Services for the Economy and Rural Population

This Measure aims to improve the living conditions and welfare of those living in rural areas through the provision of more and better basic services for the economy and population. Beneficiaries include businesses, social enterprises, charities and other formally constituted groups. Activities may include cultural and leisure activities, community buildings, community / social enterprises, energy services (e.g. woodfuel heat / power for village buildings) retail services, training activities. Activities must, however, be additional to the statutory responsibilities of Government.

Issue	Likely Impact	Mitigation / comment
Nature conservation & biodiversity	<i>No significant impact likely 0</i>	It is not possible to predict the likely impacts of this Measure with confidence, as the range and delivery of activities will depend on local circumstances. However, it is possible for the SEA to comment on the processes through which projects are selected and support; this is discussed in the Environmental Report in the section on mitigation
Water quality & management	No significant impact likely 0	
Reduce climate change emissions and seek to adapt to the effects of climate change	Impacts variable depending on the buildings and activities supported, and their implications for transport and energy use - / 0 / +	
Reduce and improve the management of waste	Impacts variable depending on individual projects - / 0 / +	
Promote the protection and enhancement of soil structures	No significant impact likely 0	
Promote the conservation and enhancement of distinctive landscape features	No significant impact likely 0	
Reduce degradation and loss, and promote the care and maintenance of historic features and buildings	Possible positive impact through re-use of historic buildings for community benefit 0 / +	
Improve access to countryside recreation	Depending on projects selected, limited positive impacts likely 0 / +	
Create economic and employment opportunities, particularly for those in identified target groups and areas	Depending on projects selected, limited positive impacts likely 0 / +	
Contribute towards sustainable communities	Central aim of the Measure – strong positive impact likely ++	
Improve understanding of environmental issues and solutions for those working in the agricultural and forestry sectors, and among the wider rural community and visitors	Depending on projects selected, limited positive impacts likely 0 / +	

Measure Title: Village Renewal and Development

This Measure is designed to support integrated village initiatives which promote cross-community development and regeneration. Needs will be identified locally in a bottom-up way and so it is not possible to provide a definitive list of activities, but possible examples include small scale infrastructure projects such as enhancements to village approaches, main streets, amenity spaces, and village landscapes, ICT for community benefit and community renewable energy projects, as well as capacity building, and encouragement of social enterprises.

Issue	Likely Impact	Mitigation / comment
Nature conservation & biodiversity	<i>No significant impact likely 0</i>	It is not possible to predict the likely impacts of this Measure with confidence, as the range and delivery of activities will depend on local circumstances. However, it is possible for the SEA to comment on the processes through which projects are selected and support; this is discussed in the Environmental Report in the section on mitigation
Water quality & management	No significant impact likely 0	
Reduce climate change emissions and seek to mitigate the effects of climate change	Possible positive impacts in relation to the use of renewable energy; other aspects dependent on projects selected and their approach to energy efficiency - / 0 / +	
Reduce and improve the management of waste	Possible positive, but likely limited, impacts from projects which focus on waste minimisation / recycling / re-use; other impacts dependent on projects selection - / 0 / +	
Promote the protection and enhancement of soil structures	No significant impact likely 0	
Promote the conservation and enhancement of distinctive landscape features	No significant impact likely 0	
Reduce degradation and loss, and promote the care and maintenance of historic features and buildings	Possible positive impact through re-use of historic buildings for community benefit 0 / +	
Improve access to countryside recreation	Limited positive impact likely depending on projects selected 0 / +	
Create economic and employment opportunities, particularly for those in identified target groups and areas	Limited positive impact likely depending on projects selected +	
Contribute towards sustainable communities	Central aim of the Measure – strong positive impact likely ++	
Improve understanding of environmental issues and solutions for those working in the agricultural and forestry sectors, and among the wider rural community and visitors	Limited, positive impacts possible depending on projects selected 0 / +	

Measure Title: Conservation and Upgrading of the Rural Heritage

This Measure provides support for the management of the natural, archaeological and built heritage over the longer term. Activities are likely to include research associated with the management of the resource, identification of local community needs, audits and action plans, small scale infrastructure improvements, production of management plans, and investment associated with the maintenance, restoration and upgrading of the natural and cultural heritage. Activities will be undertaken in co-operation with the relevant responsible agency.

Issue	Likely Impact	Mitigation / comment
Nature conservation & biodiversity	Central aim of Measure – strong positive impact likely + / ++	None necessary
Water quality & management	Some possible benefits depending on projects selected – limited positive impacts likely 0 / +	None necessary
Reduce climate change emissions and seek to adapt the effects of climate change	In terms of emission reduction, no significant impact likely 0 As with Axis 2 measures, improvements to the network of habitat will help permit species migration – limited positive impacts 0 / +	None necessary
Reduce and improve the management of waste	No significant impact likely 0	None necessary
Promote the protection and enhancement of soil structures	In relation to specific sites, possible limited positive impact 0 / +	None necessary
Promote the conservation and enhancement of distinctive landscape features	Partial aim of the Measure and therefore positive but likely limited impact , as individual aspects form part of the overall landscape +	None necessary
Reduce degradation and loss, and promote the care and maintenance of historic features and buildings	Central aim of the Measure – strong positive impact likely ++	None necessary
Improve access to countryside recreation	Probable limited but positive impact in relation to access to specific sites 0 / +	None necessary
Create economic and employment opportunities, particularly for those in identified target groups and areas	Likely limited but positive impact given the importance of these assets to rural tourism 0 / +	None necessary
Contribute towards sustainable communities	Limited but positive contribution as above, and through enhancement of locally important features 0 / +	None necessary
Improve understanding of environmental issues and solutions for those working in the agricultural and forestry sectors, and among the wider rural community and visitors	Likely positive impact through improved interpretation and community involvement in conservation work + / ++	None necessary

Measure Title: Training and Information for Economic Actors Operating in the Fields Covered by Axis 3

The aim of this Measure is to provide training to underpin the delivery of other elements of Axis 3. Activities are likely to include training needs analyses, trainer and facilitator costs, training materials, hire costs for venues, course materials and evaluation costs, and project management costs for training organisers.

Given the range of activities likely to be supported under Axis 3, the key issue is to ensure that environmental issues are included within training content, tailored appropriately to the depth and subject matter of the central subject. The method of delivery of training itself should also take account of existing good practice in terms of the needs of trainees, considering, for example, aspects like accessibility by public transport when considering timing, and local sourcing of food and drink where possible. Impacts are likely to be positive given these conditions.

Measure Title: Skills Acquisition and Animation with a View to Preparing and Implementing a Local Development Strategy

The aim of this Measure is to ensure the explicit involvement of all stakeholders in the development and delivery of Axis 3, including those traditionally less interested or able to participate. Activities are likely to include area-based studies, training of staff and of community leaders, promotional events, and training necessary to ensure implementation of the local development strategy.

As above, the associated environmental impacts will depend on the appropriate integration of environmental issues into the process; experience (for example, from successive Leader programmes) shows that involvement of environmental interests is generally an effective way to achieve this. Given these conditions, impacts are likely to be positive.

Axis 4: Implementation of the Leader Approach

In previous Programme periods, Leader operated as a stand-alone programme in parallel to the Rural Development Plan, and was designed to generate and support bottom-up, small-scale, community projects. A key feature of Leader was the development and implementation of local activities by steering groups which had a majority of community and business representatives, working together with statutory agencies. There was also a strong focus on innovation, and on working between regions to encourage more creative and outward-looking approaches to rural development.

In the RDPE, the position has changed, so that the key aspects of the Leader approach are expected to be used to oversee the delivery of a minimum of 5% of the total value of the Programme, potentially across all Axes. There is now no separate or specific financial allocation beyond this overall requirement. The RDPE describes the process through which new Local Action Groups will be set up; one of 9 criteria, which will be used to identify successful partnerships, is the integration of sustainable development principles. The Programme also aims explicitly to encourage greater linkage between local actions and regional strategic aims, in line with evaluation recommendations.

It is expected that there will be around 40 LAGs in England, representing an increase on the current total of 24 under Leader+. As required by the Regulations, a minimum of 50% non public sector will apply in terms of membership of LAGs.

In addition to informing the allocation of funding at local Level, Leader has also promoted **Interterritorial and Transnational Co-operation** between local groups, and this activity will continue under the new Programme. The RDPE also makes provision for **Running Costs, Acquisition of Skills and Animation** in relation to the LAGs.

Evaluations show that the majority of existing Leader groups have supported projects which have delivered a range of environmental, social and economic benefits, regardless of their focus. Evaluations also, however, emphasise that those LAGs which have included environmental champions, from the community or private sector as well as from agencies, have been more active in the integration of environmental issues. Given involvement of such champions, longer-term impacts are likely to be positive, although it is obviously not possible to be more specific about detailed outcomes.

