

**Date: 29 May 2002**

## **RURAL DEVELOPMENT PLAN FOR WALES – PROGRESS REPORT**

### **Purpose**

1. The Committee is invited to consider the progress made by the Agriculture and Rural Affairs Department (ARAD) of the Welsh Assembly Government and partner bodies in the implementation of the Rural Development Plan for Wales 2000-06 (RDP).

### **Summary / Recommendations**

2. Since approval of the Plan work has been ongoing to implement the measures selected. Tir Mynydd, Tir Gofal, the Organic Farming Scheme and the afforestation schemes have been operational since approval. The capital grants, the Farm Enterprise Grant and Farm Improvement Grant were launched under the umbrella of Farming Connect last September and the Processing and Marketing grants have been available since May 2001.

### **Background**

3. The RDP was approved the European Commission on 11 October 2000. It applies to the whole of Wales except for those parts that are clearly urban and developed and will make available EUR 149.57 million from the EAGGF Guarantee section.

4. 2001 proved a difficult year given the problems caused by the Foot and Mouth Disease (FMD) outbreak in the UK, which has inevitably had a detrimental effect on the implementation of the Plan. The direct consequences are reflected within the progress reports below.

### **Investments in Holdings**

5. Farming Connect: The RDP for Wales identified a need to address the decline in income from farming and consider ways to encourage farm diversification. As a result Farming Connect was launched on 17 September 2001. This innovative service is designed to help farming families improve their farming businesses.

6. There are 3 capital grants schemes run under this measure, targeted at different types of activity and operating at different grant rates. The progress of these schemes is provided below.

7. Farm Enterprise and Farm Improvement Grants: These schemes are available to farming families who have had a Farm Business Development Plan completed under Farming Connect. It had been hoped to launch the Farming Connect scheme in Spring 2001 but the FMD outbreak meant that it was not possible to do so until September 2001. Consequently, it was very late in the year before business consultants could commence their visits and help develop business plans, which inevitably, could not then be completed in time to enable the submission of capital grant applications in 2001. However, since the new year the implementation of these Schemes has been gaining momentum and a total of 114 valid applications have been received, 47 of which are seeking support under the Rural Development Plan. So far this has resulted in 9 approvals out of the 47 applications submitted in the non-objective 1 area, committing some £108,000 of grant assistance.

8. Processing and Marketing Small Grant: The Scheme was launched by the Welsh Development Agency, on behalf of the National Assembly for Wales, in May 2001. The Scheme operates on the same principles as the main Processing and Marketing grant but is targeted at smaller companies and at projects costing less than £40,000. The Scheme is managed by the WDA with assistance from ARAD on assessment and monitoring. One project has been approved, representing an investment of £10,000.

## **Training**

9. The Farm Business Development Plan and Farm Business Options Review – the latter available to farming families whose livestock was culled during the FMD outbreak - contains a training needs analysis, known as SkillCheck.

10. This SkillCheck, completed by the Farming Connect Business Consultant with the farming family, addresses the collective skills of everyone involved in the farming business. This assessment focuses on both up-skilling and re-skilling and may be linked to a future capital grant application. A priority list of skills areas in need of development is then identified.

## **HLCAs/Tir Mynydd**

11. ARAD has undertaken an evaluation of the first year of operation of the Tir Mynydd scheme. This analysis of the differences in support to individual holdings between HLCA and Tir Mynydd has examined the levels of gains and losses that farmers will have experienced in moving from headage to land based payments.

12. To assist farmers through a transitional period, a safety net was introduced for the first three years of the Tir Mynydd scheme. This guaranteed the farmer at least 90% of the payment that was received under the previous HLCA scheme. The analysis has shown that whilst there were nearly 1000 farmers who gained over £1000 from the change to Tir Mynydd, only just over 450 lost over £1000. The take up of the element 2 part of the scheme was very high with 90% of producers fulfilling the requirements to receive the extra payments.

13. The safety net for 2002 has been reduced to 80% with a final reduction planned for next year to 50%. For Tir Mynydd 2002 there have been 10,528 paid claims attracting approximately £36,100,000 in Subsidy.

### **Tir Gofal**

14. By the end of 2001, 630 Tir Gofal agreements had been formally signed and a further 200 farms were fully mapped with agreements pending, covering a total area of 57,000 ha, and bringing 1,668 historic sites under management together with maintaining 735km of public rights of way.

15. Work on processing applications during 2001 was severely hampered by foot and mouth disease. It proved impossible to carry out any project officer visits between February and August. Although alternative negotiating procedures were introduced, for example using aerial photography to determine habitats, only 7 agreements were signed during this time. One of the main reasons for this limited take up was that farmers were reluctant to sign agreements which had not been negotiated on farm.

16. Since the resumption of field visits, good progress has been made and the 5 months delay in the work programme created by foot and mouth has been substantially reduced.

### **Organic Farming Scheme**

17. 120 Organic Farming agreements were signed during 2001 bringing 11,000 hectares into organic conversion on which all identified habitats are protected. A total of 550 holdings have been entered in the Organic Farming Scheme since its introduction in 1999.

### **Processing and Marketing**

18. This Scheme was also launched by the Welsh Development Agency in May 2001. It is aimed at larger (£40K+) added-value processing projects, up to a maximum grant of £1.2m. Grant is available at a rate of 40% in Objective 1 areas and 30% elsewhere. The scheme is managed by the WDA with assistance from ARAD on assessment and monitoring.

19. Up to May 2002 ARAD & WDA have jointly assessed and approved 20 PMG applications representing £17.3 million of new investment in the Welsh Food Industry, of which £6.8 million is grant funded. For non-Objective 1 areas, 3 projects, generating £3.2 million in new investment, will receive £950,000 in grants.

### **Afforestation**

#### **Forestry - Woodland Grant Scheme**

20. The launch of the Welsh Assembly Government's 'Woodlands for Wales' strategy in summer 2001

has provided an opportunity for the evaluation of grant aid in this sector. Consequently, two reviews are currently being undertaken:

- a review of grant aid for the management of existing woodland, due to report to the Assembly in June 2002;
- a review of the Farm Woodland Premium Scheme and new planting under the Woodland Grant Scheme, due to report in September 2002.

21. Working in conjunction with WDA and ARAD, the Forestry Commission has made funds available to support the Timber Processing Grant as part of Farming Connect. In addition, the Forestry Commission is providing the secretariat to the Woodland Development and Biomass working group, due to report to the Assembly at the end of May. Over the last year the Woodland Grant Scheme has continued as the main tool to deliver forestry targets within the RDP, covering both new planting and woodland management, however this delivery mechanism could change as a result of the grant review.

### **Farm Woodland Premium Scheme (FWPS)**

22. The Farm Woodland Premium Scheme is available to all farmers in Wales who wish to convert agricultural land to forestry. The scheme is run in conjunction with the Woodland Grant Scheme operated by the Forestry Commission. Payments are made for varying lengths of time depending on the type of tree planted. Compensation is paid for income foregone as a result of the land being taken out of agricultural use.

23. Up to May 2002, around 650 farmers have taken part in the scheme attracting around £364,000 of grant.

### **Article 33 - Promoting the Adaptation and Development of Rural Areas**

24. Support under Article 33 of the Rural Development Regulation (1257/1999) from 2002 onwards will focus on those measures that increase participation in community life, assist in establishing and expanding community-led initiatives and maximise the contribution to the economic, social, environmental and cultural regeneration of rural areas.

25. Five of the measures will be supported as follows (the corresponding indent in Article 33 is shown in brackets). **Basic services for the rural economy and population (5):** Support will be provided to community partnerships for cost effective enhancement of basic services for the rural economy in East Wales.

**Renovation and development of villages and protection and conservation of the rural heritage (6):** Support will be provided to community partnerships for the renovation and development of the built fabric, streetscape and public spaces in rural villages to help protect and conserve the heritage of rural East Wales.

**Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes (7):** Support under this measure includes re-use of redundant farm buildings, development of new non-agricultural enterprises, agri-tourism and catering operations.

**Encouragement for tourist and craft activities (10):** Support will be provided to local communities to help them develop tourist and craft activities that are appropriate to their locality and enhance the contribution of these sectors to the rural economy.

**Protection of the environment in connection with agriculture, forestry and landscape conservation as well as with the improvement of animal welfare (11):** This element is being utilised within the Tir Gofal Scheme to enhance access provision.

26. Indent 11 will be implemented by the Countryside Council for Wales, as a counterpart to the Tir Gofal scheme, and indent 7 will be delivered through the Farm Enterprise Grant by ARAD. Proposals for indents 5, 6 and 10 are under development.