

**WORKING DOCUMENT
RURAL DEVELOPMENT COMMITTEE**

MEMBER STATE: UNITED KINGDOM REGION: SCOTLAND

1. APPROVED PROGRAMME:

The Rural Development Programme for Scotland (CCI2007UK06RPO003) C(2008) 756 of 19 February 2008 as amended and agreed by the Commission in its acceptance letter sent on 23 October 2009.

2. LEGAL BASIS FOR THE MODIFICATION

The modification submitted on 14 July 2009 contains amendments A, B and C related to the implementation of Article 16a of Council Regulation (EC) No 1698/2005. These amendments are submitted under Article 6(1)a of Commission Regulation (EC) No 1974/2006.

Amendment A: Introduction of Health Check and European Economic Recovery Plan funding for the support of new challenges relating to climate change, renewable energies, water management and biodiversity without the introduction of new measures or operations;

Amendment B: Introduction of additional funding from the increase of the EAFRD ceiling for the UK set in Commission Decision 14/2009.

Amendment C: Increase of the co-financing rates

The modification will be approved by Decision.

3. REASONS JUSTIFYING THE AMENDMENT / STRATEGY CHOSEN

A. Introduction of Health Check funding to Axis 2 and European Economic Recovery Plan funding for the support of new challenges relating to climate change, renewable energies, water management and biodiversity without the introduction of new measures or operations

In Scotland as in the UK, no additional funding will be available as a result of the Health Check to implement the new challenges because of the requirement to adjust voluntary modulation in response to the increase in compulsory modulation. A small additional allocation is available for the new challenges and rural broadband infrastructure as a result of the European Economic Recovery Plan.

The majority of funding of the SRDP was allocated to measures under Axis 2 for the implementation of coherent and integrated measures to meet environmental outcomes. Specific priorities include the need to address biodiversity objectives and obligations, combat diffuse pollution and mitigate and adapt to climate change. As the SRDP was already in line with the new direction and priorities of Commission rural policy,

amending the programme has required only minor change. The resources identified in the CAP Health Check have been allocated specifically to the four new challenges namely climate change, renewable energies, water management and biodiversity.

This approach is consistent with the UK National Strategy which recognises that the UK programmes already have a strong focus on delivering the environmental objectives highlighted under the new challenges and therefore they will meet the new challenges primarily through existing operations, mainly through existing agri-environment schemes.

With regard to measures to support Broadband in the European Economic Recovery Plan (EERP), broadband coverage in Scotland is comparable to that of the UK at 99.6%. The recent Broadband Reach Project (established to deliver an affordable, basic broadband solution to households and businesses unable to receive a broadband service) saw around 2,100 premises without broadband access taking up the offer of internet provision. This means that only a very small percentage – under 0.4% - of premises in Scotland remain unable to be connected to broadband. Given that these premises are largely in more remote, less accessible areas, the cost of provision of broadband services is likely to rise significantly due to the geographic spread of and local conditions encountered by the relatively small number of premises concerned. Thus, with the limited funding available from the European Commission from the EERP (approximately 2.9m Euros) combined with the relatively high set up cost associated with a stand-alone rural development programme option under the measure concerned for delivering broadband (approximately 600,000 Euros), it was felt that better value for money and greater benefits would be achieved through assigning this funding to the New Challenges relating to measure 214.

The match between priorities identified in the Community Strategic Guidelines as far as the new challenges are concerned, the priorities identified for the SRDP and the rural development regulation measures, as described in the section of the UK national strategy relating to Scotland, is shown in the table below:

<i>Community Strategic Guidelines</i>	<i>Scotland priorities for the RDP</i>	Rural development regulation measures
<i>Addressing the new challenges</i> Reinforcing the Community action in the fields of climate change, renewable energy, water management, biodiversity (including related support for innovation) and dairy sector restructuring.	<ul style="list-style-type: none"> ● Conserving natural wildlife ● Protecting natural resources ● Adapting farming methods around features on farmed land, to enhance biodiversity and resource protection ● Maintaining and enhancing landscape quality and character ● Contributing to climate change mitigation 	214 (agri-environment) 216 (non-productive investments) 221 (first afforestation of agricultural land) 223 (first afforestation of non-agricultural land)

The indicative financial allocation of the amounts resulting from the Health Check and the EERP are as follows:

Priority	Financial Allocation (%)
Biodiversity	36
Climate Change	47
Water Management	12
Renewable Energy	5

Source: UK Rural Development National Strategy Plan 2007-2013, July 2009.

B. Introduction of additional funding from the increase of the EAFRD ceiling for the UK set in Commission Decision 14/2009.

Commission Decision 2009/14/EC of 17 December 2008 amended the Member State EAFRD allocations. Scotland has received an additional €16,000 which is included within the EAFRD – Non Convergence allocation for 2013 and applied to Axis 2. As the amount is too small to have any meaningful impact, it is disregarded in the remainder of this working document.

C. Increase of the co-financing rates.

The co-financing rates have been changed from 25% and 35% to 50% for Convergence and non-convergence regions and from 44.79% and 35% to 50% for Voluntary Modulation.

The reason for this change is purely technical. It arises as a consequence of circumstances such as Sterling's depreciation against the Euro and the fact that commitments under the 2007-13 Programme have only been building up since approval of the Programme in February 2008. This has meant there has been a build up of undrawn EAFRD amounts. The increase of the co-financing rate minimises potential risks of not meeting requirements to spend EAFRD under the N+2 rule.

4 DESCRIPTION OF THE AMENDMENTS PROPOSED:

4.1 New priorities / types of operations

The resources identified in the CAP Health Check (€80,896,149) have been allocated specifically to climate change, renewable energies, water management and biodiversity. An additional amount of €2,885,580 from the EERP has been allocated to measure 214. The measures and parts of measures that have been affected as a result of the CAP Health Check and the additional funding from the EERP are measures 121, 214, 216, 221 and 223, 225, 227 and 311. For measures 121, 221 and 223 there has been an increase of the intervention rate by up to 10 percentage points as permitted under Article 16a (2) of (EC) No 1698/2005 as amended by (EC) No 473/2009 Article 1 (2). The table equivalent to table 5.3.6 of regulation (Table 5.6 in the programme for consistency with the SRDP numbering) provides information on the types of operations to be supported and show indicative targets for output indicators by type of operation.

Measure	Types of operations	Potential effects	'Existing' or 'New' type of operation (E or N)	Reference to the description of the type of operation in the RDP	Output indicator – target				
					Number of farm holdings that received investment support		Total volume of investments ('000 EUR)		
121	Improve efficiency of nitrogen fertiliser use (e.g. reduced use, equipment, precision agriculture), improvement of manure storage	Reduction of methane and nitrous oxide emissions	E	Page 24	100		4.800		
	Biogas production using organic waste (on farm and local production)	Substitution of fossil fuels, reduction of methane (CH ₄)	E	Page 24	100		4,800		
	Processing of agricultural/forest biomass for renewable energy	Substitution of fossil fuels	E	Page 28	100		4,800		
214					Number of holdings supported	Total area supported (Ha)	Physical area supported (Ha)	Number of contracts	Number of actions related to genetic resources
	Soil management practices (e.g. tillage methods, catch crops, diversified crop rotations)	Reduction of nitrous oxide, carbon sequestration	E	Page 149	13	9024	90	14	NA
	Extensification of livestock (e.g. reduction of stocking density) and grassland management	Reduction in methane and nitrous oxide	E	Page 146-157	107	73964	739	118	NA
	Delivered in the SRDP through: Away-Wintering of Sheep; Lowland Heath; Management of Moorland Grazing; Moorland – Stock Disposal; Moorland Grazings on Uplands and Peatlands; Off-Wintering Sheep; Wildlife Management on Upland and Peatland Sites								
	Water storage (including water overflow areas)	Improvement of the capacity to use water more efficiently and to improve the capacity to store water	E	Page 142	17	11678	116	19	NA

Measure	Types of operations	Potential effects	'Existing' or 'New' type of operation (E or N)	Reference to the description of the type of operation in the RDP	Output indicator – target				
Delivered in the SRDP through: Management of Flood Plains									
					Number of holdings supported	Total area supported (Ha)	Physical area supported (Ha)	Number of contracts	Number of actions related to genetic resources
	Wetland restoration	Conservation of high-value water bodies, protection and improvement of water quality	E	Page 131	200	138196	1382	220	NA
Delivered in the SRDP through: Create, Restore and Manage Wetland; Management of Wetland									
	Conversion of agricultural land into swamps	Conservation of high-value water bodies, protection and improvement of water quality	E	Page 135 Page 143	13	9024	90	14	NA
Lowland Raised Bogs – Basic management; Lowland Raised Bogs – with grazing management supplement									
	Development of semi-natural water bodies	Conservation of high-value water bodies, protection and improvement of water quality	E	Page 139	36	24950	249	40	NA
	Creation of natural banks	Conservation of high-value water bodies, protection and improvement of water quality	E	Page 139	334	230739	2308	367	NA
Delivered in the SRDP through: Water Margins – Enhance biodiversity; Water Margins – reduce diffuse pollution									

Measure	Types of operations	Potential effects	'Existing' or 'New' type of operation (E or N)	Reference to the description of the type of operation in the RDP	Output indicator – target				
					Number of holdings supported	Total area supported (Ha)	Physical area supported (Ha)	Number of contracts	Number of actions related to genetic resources
	Extensive forms of livestock management	Conversion of species rich vegetation types, protection and maintenance of grasslands	E	Page 102-183	973	672044	6722	1070	NA
Delivered in the SRDP through: Coastal or Serpentine Heath; Creation and Management of Cover for Corncrakes; Creation and Management of Species Rich Grassland; Grazed Grassland for Corncrakes; Grazing Management of Cattle – Introduction; Grazing Management of Cattle – Retention; Management of Cover for Corncrakes; Management of Habitat Mosaics; Management of Species Rich Grassland; Mown Grassland for Corn Buntings; Mown Grassland for Corncrakes – 1 Aug; Mown Grassland for Corncrakes – 1 Sept; Mown Grassland for Corncrakes – 15 Aug; Mown Grassland for Wildlife; Open Grazed or Wet Grassland for Wildlife									
	Integrated and organic production	Conversion of species rich vegetation types, protection and maintenance of grasslands	E	Page 97	156	230000	2300	172	NA
Delivered in the SRDP through: Conversion to organic farming – arable; Conversion to organic farming – fruit and veg; Conversion to organic farming – improved grassland; Conversion to organic farming – rough grazing; Maintenance of organic farming – arable; Maintenance of organic farming – fruit and veg; Maintenance of organic farming – improved grassland; Maintenance of organic farming – rough grazing									
	Construction/management of biotopes/habitats within and outside Natura 2000 sites	Protection of birds and other wildlife and improvement of biotope network, reducing entry of harmful substances in bordering habitats, conservation of protected fauna and flora.	E	Page 355	322	222422	2224	354	NA
Delivered in the SRDP through: Biodiversity Cropping on In-Bye – basic management; Biodiversity Cropping on In-Bye – with binders/stooks; Bracken Management Programme for Habitat Enhancement; Conservation Management for Small Units – Individual; Control of grey squirrel for red squirrel conservation; Control of invasive non-native species – Giant Hogweed; Control of invasive non-native species – Rhododendron; Cropped Machair – with FYM/seaweed; Cropped Machair – with FYM/seaweed and binder/stooks; Cropped Machair – without FYM/seaweed; Mammal and Bird Control – crow control; Mammal and Bird Control – for Black Grouse/Capercaillie; Mammal and Bird Control – Predator control; Muirburn and Heather Swiping; Wardening for Golden Eagles – Farm unit; Wild Bird Seed Mix/Unharvested Crop									

Measure	Types of operations	Potential effects	'Existing' or 'New' type of operation (E or N)	Reference to the description of the type of operation in the RDP	Output indicator – target				
					Number of holdings supported	Total area supported (Ha)	Physical area supported (Ha)	Number of contracts	Number of actions related to genetic resources
	Perennial field and riparian boundary strips and biobeds	Protection of birds and other wildlife and improvement of biotope network, reducing entry of harmful substances in bordering habitats, conservation of protected fauna and flora.	E	Page 139	490	338499	3386	539	NA
Delivered in the SRDP through: Buffer Areas for Fens and Lowland Raised Bogs; Extended hedges; Grass Margins and Beetlebanks – mixed arable; Grass Margins and Beetlebanks – organic; Hedgerows – 2 years for landscape benefits; Hedgerows – 3 years for biodiversity benefits									
	Management of high nature value perennials	Protection of birds and other wildlife and improvement of biotope network, reducing entry of harmful substances in bordering habitats, conservation of protected fauna and flora.	E	Page 177	50	34505	345	55	NA
Delivered in the SRDP through: Scrub and Tall Herb Communities									
	Setting up and preservation of meadow orchards	Protection of birds and other wildlife and improvement of biotope network, reducing entry of harmful substances in bordering habitats, conservation of protected	E	Page 175	2	1416	14	2	NA

Measure	Types of operations	Potential effects	'Existing' or 'New' type of operation (E or N)	Reference to the description of the type of operation in the RDP	Output indicator – target					
		fauna and flora.								
	Delivered in the SRDP through: Ancient Wood Pasture – In-bye Land									
					Number of holdings supported	Total area supported (Ha)	Physical area supported (Ha)	Number of contracts	Number of actions related to genetic resources	
	Land use change (e.g. conversion of arable land to pastures, permanent set-aside)	Reduction of nitrous oxide, sequestration	E	Page 180	5	3539	35	6	NA	
	Delivered in the SRDP through: Arable reversion to grassland									
					Number of holdings supported		Total volume of investment ('000 EUR)			
216	Land use change (e.g. conversion of arable land to pastures, permanent set-aside)	Reduction in nitrous oxide	E	Page 180	5				71	
	Delivered in the SRDP through capital items associated with: Arable reversion to grassland									
	Wetland restoration	Conservation of high-value water bodies, protection and improvement of water quality	E	Page 132-133	587				8,224	
	Delivered in the SRDP through capital items associated with: Creating, Restoring and Managing Wetland; Management of Wetland									
	Conversion of agricultural land into swamps	Conservation of high-value water bodies, protection and improvement of water quality	E	Page 135	13				182	
	Delivered in the SRDP through capital items associated with: Lowland Raised Bogs – Basic management; Lowland Raised Bogs – with grazing management supplement									
					Number of holdings supported		Total volume of investment ('000 EUR)			

Measure	Types of operations	Potential effects	'Existing' or 'New' type of operation (E or N)	Reference to the description of the type of operation in the RDP	Output indicator – target	
	Land use change (extensive grassland management, conversion of arable land to permanent pasture, long-term set-aside)	Protection of birds and other wildlife and improvement of biotope network, reducing entry of harmful substances in bordering habitats, conservation of protected fauna and flora	E	Page 180	1402	19,641
Delivered in the SRDP through capital items associated with: Arable reversion to grassland						
	Management of high nature value perennials	Protection of birds and other wildlife and improvement of biotope network, reducing entry of harmful substances in bordering habitats, conservation of protected fauna and flora	E	Page 177	540	7,563
Delivered in the SRDP through capital items associated with: Scrub and Tall Herb Communities						
	Setting up and preservation of meadow orchards	Protection of birds and other wildlife and improvement of biotope network, reducing entry of harmful substances in bordering habitats, conservation of protected fauna and flora	E	Page 175	2	29
Delivered in the SRDP through capital items associated with: Ancient Wood Pasture – In-by Land						
					Number of beneficiaries	Number of afforested land (Ha)

Measure	Types of operations	Potential effects	'Existing' or 'New' type of operation (E or N)	Reference to the description of the type of operation in the RDP	Output indicator – target			
					Number of forest holdings supported	Total forest area supported (Ha)	Physical forest area supported (Ha)	Number of contracts
221	Afforestation, establishment of agro-forestry systems	Reduction of nitrous oxide, carbon sequestration	E	Page 271	70		8,400	
223	Afforestation, establishment of agro-forestry systems	Reduction of nitrous oxide, carbon sequestration	E	Page 271	70		8,400	
225	Conversion to more resistant forest stand types.	Reduction of negative effects of climate change on forests.	E	Refer to measure fiche in Annex 3.	145	202500	<202500	145
					Number of forest holders supported	Total volume of investment ('000 EUR)		
227	Conversion to more resistant forest stand types	Reduction of negative effects of climate change on forests	E	Page 283	44	11,600		
					Number of beneficiaries	Total volume of investment ('000 EUR)		
311	Biogas production using organic waste (on farm and local production)	Substitution of fossil fuels, reduction of methane (CH ₄)	E	Page 315	20	5,300		
					Number of beneficiaries	Total volume of investment ('000 EUR)		
	Processing of agricultural/forest biomass for renewable	Substitution of fossil fuels	E	Page 315	20	5,300		

Measure	Types of operations	Potential effects	'Existing' or 'New' type of operation (E or N)	Reference to the description of the type of operation in the RDP	Output indicator – target	
	energy					
	Installations/infrastructure for renewable energy using biomass and other renewable energy sources (solar and wind power, geothermal)	Substitution of fossil fuels	E	Page 315	20	5,300

Notes: Since funding of these measures is predominantly from Rural Priorities which is competitive, estimates should be considered as indicative and will be refined as programme implementation progresses in the light of actual data.

For measures 214 and 216, an additional row has been inserted under the each type of operation that gives the link between the type of operation described in Annex II of EC (No) 74/2009 and the various options included under measures 214 and 216.

For measures 121 and 311 the number of beneficiaries and total value of investments have been assumed to be split equally between the 3 different potential effects under each measure on the basis that a similar number of operations at approximately the same value will be undertaken in each case.

For measures 214 and 216 indicator targets have been derived from the type and level of commitments already made on the types of operation concerned from Rural Priorities applications already approved.

4.2 Description of the amendments proposed to axes and measures

No amendments to existing measures are proposed.

5. THE EXPECTED IMPACTS OF THE AMENDMENTS

As the new funding for the SRDP amounts approximately to 2.9m Euro, which has been allocated to measure 214, the only targets that have been amended relate to that measure. As a consequence the result and indicator targets for 214 have risen by approximately 1% which corresponds to the percentage increase in funding for that measure as a consequence of the additional funding.

6 ASSESSMENT

General assessment of the modification

The proposed amendment is in line with the UK National Strategic Plan as revised and submitted to the Commission on 13 July 2009 and is in conformity with Council Regulation (EC) No 1698/2005 and with Commission Regulation (EC) No 1974/2006.

7 FINANCING

The financing of the proposed SRDP is as follows:

Table 6.1 Annual Contribution from the EAFRD (in EUR)

	2007	2008	2009	2010	2011	2012	2013	Total
Non-Convergence Region	35,766,167	37,364,420	36,020,519	36,319,540	35,831,657	35,421,252	34,923,449	251,647,004
Convergence Region	15,309,916	15,994,057	15,418,792	15,546,790	15,337,949	15,162,272	14,942,336	107,712,112
Voluntary Modulation		32,680,395	52,288,632	43,907,801	41,452,752	35,725,185	30,048,914	236,103,679
Additional funds from Article 69(5a) Regulation (EC) No 1698/2005 non-convergence region			1,188,609	8,989,180	12,164,761	16,175,506	20,150,330	58,668,386
Additional funds from Article 69(5a) Regulation (EC) No 1698/2005 convergence region			508,791	3,847,870	5,207,197	6,924,019	8,625,466	25,113,343
Total	51,076,083	86,038,872	105,425,343	108,611,181	109,994,316	109,408,234	108,690,495	679,244,524

Table 6.2 Financial plan by axis (in EUR total period)

Non-Convergence Region

Axis	Public Contribution		
	Total Public	EAFRD Contribution Rate	EAFRD Amount
Axis 1	71,644,710	50%	35,822,355
Axis 2	343,952,264	50%	171,976,132
Axis 3	56,595,650	50%	28,297,825
Axis 4	29,432,088	50%	14,716,044
Technical Assistance	1,669,296	50%	834,648
Total	503,294,008	50%	251,647,004

Convergence Region

Axis	Public Contribution		
	Total Public	EAFRD Contribution Rate	EAFRD Amount
Axis 1	30,776,034	50%	15,388,017
Axis 2	146,735,976	50%	73,367,988
Axis 3	24,313,626	50%	12,156,813
Axis 4	13,598,588	50%	6,799,294
Technical Assistance			
Total	215,424,224	50%	107,712,112

Voluntary Modulation

Axis	Public Contribution		
	Total Public	EAFRD Contribution Rate	EAFRD Amount
Axis 1	82,485,130	50%	41,242,565
Axis 2	289,178,142	50%	144,589,071
Axis 3	63,924,004	50%	31,962,002
Axis 4	36,620,082	50%	18,310,041
Technical Assistance			
Total	472,207,358	50%	236,103,679

Additional funds from Article 69(5a) Regulation (EC) No 1698/2005 non-convergence region

Axis	Public Contribution		
	Total Public	EAFRD Contribution Rate	EAFRD Amount
Axis 1	5,664,776	50%	2,832,388
Axis 2	106,007,220	50%	53,003,610
Axis 3	5,664,776	50%	2,832,388
Leader	0		0
Total	117,336,772	50%	58,668,386

Additional funds from Article 69(5a) Regulation (EC) No 1698/2005 convergence region

Axis	Public Contribution		
	Total Public	EAFRD Contribution Rate	EAFRD Amount
Axis 1	2,424,840	50%	1,212,420

Axis 2	45,377,006	50%	22,688,503
Axis 3	2,424,840	50%	1,212,420
Leader	0		0
Total	50,226,686	50%	25,113,343

Financial Plan by Axis (EAFRD and Voluntary Modulation)

Total	Public Contribution		
	Total Public	EAFRD contribution Rate	EAFRD Amount
Axis 1	192,995,490	50%	96,497,745
Axis 2	931,250,608	50%	465,625,304
Axis 3	152,922,896	50%	76,461,448
Axis 4	79,650,758	50%	39,825,379
Technical Assistance	1,669,296	50%	834,648
Total	1,358,489,048	50%	679,244,524

Table 6.3 Indicative budget related to operations referred to in article 16a of Regulation EC No 1698/2005 between 1 January 2009 and 31 December 2013 (Article 16a(3)(b) up to the amounts specified in Article 69(a) of Regulation (EC no 1698/2005)

Axis/Measure	EAFRD Contribution 2009-13
Axis 1	
121	4,044,807
Axis 2	
214	33,058,356
216	8,928,388
221	11,036,091
223	11,036,091
225	5,883,452
227	5,749,737
Axis 3	
311	4,044,807
Axis 1, 2 and 3, total	83,781,729

8. MONITORING COMMITTEE

The proposed Monitoring Committee have been consulted on the proposed amendments and raised no objections.