

WORKING DOCUMENT

FINAL VERSION FOR RDC

4TH MODIFICATION (HC AND EERP PART) OF THE RDP FOR ENGLAND

MEMBER STATE: UK

REGION: England

This working document includes 3 separate notes describing the amendments submitted to the Commission services first on the 21/07/09 and on a revised version on the 28/09/09:

- Amendment A: European Economic Recovery Plan
- Amendment B: Health Check
- Amendment C: Additional funds (from wine CMO + reviewed national ceilings)

Approved programme: The Rural Development Programme for England 2007-2013 C (2007) 6320 of 07 December 2007

Legal basis for the modification: Modification related to the first implementation of Article 16a of Regulation (EC) No 1698/2005 submitted under Article 6(1) a of Commission Regulation (EC) No 1974/2006.

1. Reasons and any implementation problems justifying the amendment

The UK's share of the available EERP funds amounts to €12.5 million. Of this, €6.6 million is allocated to the Rural Development Programme for England, in accordance with the usual allocation key for EAFRD funding between the four regions of the UK. The amount available is therefore small in relation to the priorities established by the regulation, and unlikely to have a transformational impact on its own. For the RDPE, therefore, the chosen approach is to focus the additional EERP funding on two priorities: immediate support for the dairy sector, and support for rural broadband. This additional funding will be deployed alongside existing funding within the programme and other sources of public and private funding in order to maximise its contribution to the achievement of the programme's objectives.

Dairy sector

The use of EERP funds will provide immediate support to the dairy sector in responding to current challenges in addition to the RDPE's longer-term strategic aim of helping farmers to achieve higher standards of animal health, welfare and nutrient management.

The EU dairy sector has been facing falling prices for commodity products. This downturn is a result of a number of factors: the global economic situation; the difficulties getting credit; increased global milk production; and reduced demand (partly in response to the record high prices seen in 2007). Across the world, supplies of dairy products are building up, sales are weak, and prices are continuing to fall.

The dairy sector in the UK has, in the last decade, made considerable strides re-structuring, by consolidating, adding value to products and innovating in order to remain competitive. Public investment is justified to support further development of the sector. In England therefore the EERP will support the modernisation of dairy holdings by funding investments to modernise the dairy production. It will support also investments to add value to dairy products and support for cooperation between producers.

Broadband infrastructure

EERP funding will also contribute towards developing innovative approaches which address existing gaps in rural broadband coverage, specifically rural community broadband, and the upgrade of existing infrastructure to a minimum speed of 2mbps but at the same time allowing for next generation compatible solutions, where the additional challenges of rurality have resulted in market failures.

The RDPE programming document noted that the overall availability of broadband services in rural areas was high in 2006, though the actual take-up of broadband services in rural areas was lower than urban areas. The initial focus of the programme was not, therefore, on provision of infrastructure but on training and facilitation for adoption of ICT. However, since 2006 the priority for broadband provision in rural areas has changed. Rural households are now more likely to have broadband connections than those who live in urban areas (59% compared to 57% in urban areas), and take-up of broadband services in rural areas as a proportion of the population, exceeded that in urban areas in 2007/08. Currently, the incidence of rural home working is as much as three times greater than that in urban areas. Most rural businesses are also SMEs – a key source of innovation and rural wealth creation.

Technical limitations still mean that some rural areas do not have access to broadband in the UK. Those rural areas that do have access, often have limitations in terms of speed and quality, furthermore, costs are often higher compared to urban areas. In addition, new internet based services and demands are developing rapidly, leading to increased strain on existing broadband infrastructure in rural areas. A recent report by the Commission for Rural Communities¹ highlighted that, of current broadband users, 37% of those in rural areas receive broadband speeds lower than 2Mbps, compared with only 6% in urban areas. Models indicate that 813,000 rural homes may not be able to receive a 2Mbps service and it seems unlikely that a conventional market solution will deliver for these customers. It is therefore now a priority to address the risk of a growing “digital divide” in rural areas.

In June 2009, the UK Government published its report Digital Britain², which sets out priority objectives for the future of Digital Technology. This includes a Universal Service Commitment for broadband at a basic speed of 2Mbps by 2012, enhanced by the rollout of next generation networks to the majority of the country by 2017.

2. Description of the amendments proposed

Dairy sector

The proposed amendments will allocate 50% (€3.3 million) of the EERP funds allocated to England to providing additional support for the dairy sector. This proportion of the EERP funds will be divided equally between the following measures:

- **Measure 121 Modernisation of agricultural holdings;**

Investments in which deliver animal welfare standards which go beyond the mandatory requirements, improve bio-security and provide innovative management of farm wastes which will lead to improvements in efficiency and competitiveness of the dairy sector.

- **Measure 123 Adding value to agricultural and forestry products;**

Investments that improve of processing and marketing of dairy product through investment in improved efficiency, new technologies and new market opportunities, and to improve the overall performance of dairy enterprises.

- **Measure 124 Cooperation for development of new products, processes and technologies.**

Support to the dairy sector to take advantage of market opportunities through widespread innovative approaches in developing new products, processes and technologies in particular encouraging cooperation between farmers, the food and the dairy processing industry.

The programme document is amended to reflect an enhanced priority for the dairy sector within the overall funding available under axis 1 which is targeted at the livestock sector.

¹ ‘Mind the Gap: Digital England – a rural perspective’
<http://www.ruralcommunities.gov.uk/events/mindthegap>

² Digital Britain – The Final Report http://www.culture.gov.uk/what_we_do/broadcasting/6216.aspx

Broadband infrastructure

In relation to rural broadband, the proposed amendments will allocate 50% (€3.3 million) of the additional funding to Measure 321 Basic Services for the economy and rural population. Specifically, the amendments will increase the range of eligible activities falling under :

Measure 321 to include the following operations:

- upgrade existing copper cabling between the local exchange and rural communities;
- alternative or innovative arrangements for delivering improvement in broadband coverage or bandwidth using the most appropriate technological solutions;
- community based solutions working where possible local community broadband networks;
- development of rural ICT hubs providing access in public places;
- re-enforcement of currently existing broadband commitments under the rural development programme.

In addition, the proposed amendments will introduce an enhanced priority within the programme for the provision of broadband services in rural areas; specifically an enhanced focus on the use of ICT in agriculture and rural communities under other Axes and Measures.

Aid intensity rates: will vary between 50% and higher rates (never 100 %). Typical aid intensity is anticipated to be 60%.

Beneficiaries: broadband providers. End users (who benefit from improved broadband) will be rural community groups, rural businesses and individuals.

White spots and investment planning

Defra does not plan to use this funding before the 2010/11 financial year.

Defra and the Department for Communities and Local Government have commissioned research examining the potential benefits for rural communities of emerging high-speed internet services and applications.

The findings of this research will be available in early January 2010.

The findings will identify those areas likely to be left behind in the roll out of next generation broadband access ('white spots'). Once identified these rural 'white spot' areas will be targeted for RDPE funding.

Demarcation/complementarity

The support made available under the RDPE will be in addition to that made available under the 9 ERDF Operational Programmes. The type of support for broadband development is set out in each Operational Programme and funds made available under the RDPE will not duplicate or substitute this. Cross checks at the strategic (regional) and project level will be applied by the Regional Development Agencies who implement both mechanisms.

In February 2010 Defra anticipates making a proposal to amend the programme which will, amongst other proposals, set out in Chapter 10 of the Programme Document the way in which

both EAFRD and ERDF funding will be used to support broadband and therefore the demarcation that will exist between the two mechanisms.

It is however expected that the RDPE will in general be committed to relatively small scale local or community broadband projects whereas ERDF funding will focus on larger scale infrastructure projects. If necessary, appropriate amendments will also be made to ERDF Operational Programmes at the next suitable opportunity.

Any more precise amendments to the approved demarcation criteria required will be set out in the RDPE programme document in a future modification.

State aids framework

Investments for rural broadband implemented under measure 321 will be made under the industrial "de minimis" and until the end of 2010 with use of the additional sum available under the EU Temporary Aid Framework (providing a total available contribution of €500,000). Should that be insufficient coverage, Defra will pursue a specific state aids registration,

Delivery mechanisms

Delivery of the additional funding will be at the level of the English regions, through the Regional Development Agencies alongside other Axis 1 and 3 funding. However there will be no ring-fencing of the split in funding at the level of the English regions to allow flexibility to reflect the priority needs at the regional level.

3. The expected impacts of the amendment

Dairy sector

The proposed amendment is expected to contribute to an improvement in the competitiveness of the dairy sector in England, in the context of the specific efforts required from dairy farmers to adapt to changing conditions, notably the expiry of the EU milk quota regime that will take place in 2015.

Broadband infrastructure

Given the scale of the funding involved, the proposed amendment is expected to have only a marginal impact in terms of the achievement of the goal of achieving the Universal Service Commitment for broadband access and speeds in rural areas, but it is expected to have an important impact in terms of helping to lever in wider funding in rural areas. In specific localities and rural communities, this funding is expected to have a significant impact in improving local services, stimulating economic development and social inclusion and contributing to the broader aims of the programme. By prioritising rural broadband, the EERP resource will enable the Programme to have an enhanced focus and potentially speedier implementation of actions, ultimately enabling the earliest benefit to be realised by rural businesses and communities. This will also lead to more effective and efficient delivery of public services and provide increased ability for individuals and businesses to recover from the recession.

Specific additional output indicators and targets will be developed to monitor the impact of this amendment. This will be developed during 2009 in the light of the delivery approach that is put in place.

4. The relationship between the change and the national strategy plan

The proposed amendments will contribute to the objectives of the national strategy plan.

In particular, they will strengthen the Programme's contribution to increasing economic productivity and creation of employment opportunities in rural areas, meeting the Lisbon agenda, enabling rural economies to diversify and grow and contributing to the creation and sustainability

of thriving, prosperous rural communities. Furthermore they will help to improve the quality of life in rural areas through supporting rurally based business development that generates high quality employment opportunities.

5. Financial implications of the modification

Expenditure of EERP budget allocation will be reported in accordance with guidance provided.

The available amount of €6.6 million (which is England's share of the UK allocation of €12.5 million as set out in the Commission's Information Note AGRI/D/2009/115014-EN, which details implementation of Commission Decision 2009/434/EC) will be programmed as follows:

€1.108 million	Measure 121	Modernisation of agricultural holdings;
€1.108 million	Measure 123	Adding value to agricultural and forestry products;
€1.108 million	Measure 124	Cooperation for development of new products, processes and technologies
€3.324 million	Measure 321	Basic Services for the economy and rural population.

6. Monitoring Committee

The Programme Monitoring Committee was consulted in writing on these proposals on 10 July 2009. They have agreed to the submission of these proposals to the European Commission.

1. Description of the amendments proposed

The following provisions are included in this amendment.

i) The amendment details how the additional Compulsory Modulation (new CM) receipts arising from the application of Article 9(4) and 10(3) of Regulation 73/2009 will be used in England's Rural Development Programme. As a result of the application of Article 1 of Regulation (EC) No 378/2007 (as amended by Article 145 of Regulation 73/2009), in the United Kingdom new CM receipts are required to substitute for an equivalent reduction in Voluntary Modulation (VM) receipts. As a result of this substitution the financial impact of the Health Check on the RDPE is broadly neutral and there are no new funds to be allocated to the new challenges as set out in Article 16a of Regulation 1698/2005. All of this funding will be allocated to agri-environment commitments under the Environmental Stewardship scheme, which contributes to the priorities in Article 16a.

The revised programme includes the 5.3.6: list of types of operations used to implement the new challenges in England (appendix of this fiche).

ii) Article 16a(2) of Regulation 1698/2005 provides for an increase in aid intensities fixed in Annex 1 of the regulation by 10 percentage points where the operations contribute to the new challenges. This provision is in order to provide additional incentives to encourage uptake of the new priorities, and has become particularly important as a result of the current economic situation, which has made it harder for potential beneficiaries to provide the necessary private sector contribution. Within the RDPE, the 10% increase will apply to the following measures, for projects which contribute to the objectives of the new challenges:

Measure 114 Use of advisory services by farmers and forest holders.

Measure 121 Modernisation of agricultural holdings

Measure 122 Improving the economic value of forests.

Measure 123 Adding value to agricultural and forestry products

Measure 125 Infrastructure for agriculture and forestry

Measure 221 First afforestation of agricultural land

Measure 223 First afforestation of non-agricultural land

iii) Article 70(4) of Regulation 1698/2005, as amended by Regulation 74/2009 provides for the EAFRD contribution to be increased to 90% in convergence regions and 75% in non-convergence regions up to the amount resulting from the application of the new CM. This amendment implements these increases in the EAFRD co-financing rates for the new CM. Voluntary modulation in Axis 2 in England previously attracted a national contribution of 40% but where agreements are funded from new CM they will attract a national contribution of 25% (10% in the Convergence region).

iv) Detailed changes to the text of the programme document are made to reflect other aspects of the Health Check agreement, including the impact of changes in cross-compliance, on the legislative baseline.

2. The expected impacts of the amendment

i) In England, the additional CM resulting from the CAP Health Check will be used to fund agri-environment agreements under the Environmental Stewardship Scheme. The options under this scheme contribute towards meeting the biodiversity and water management targets and are therefore fully in line with the new challenges as set out in Article 16a.

Since the overarching priority for the programme in England has been to enhance the environment, as well as the specific agreements which are funded from new CM.

The overarching priority of the programme for England is to enhance the environment. Table 5.3.6 sets out how the funding that has been made available under new Compulsory Modulation will contribute to the new challenges of **biodiversity, climate change and water management**. Moreover, it is expected that operations funded under axis 2, the energy crops scheme under measure 121 of axis 1 (which contributes to renewable energy targets), and a wide range of other operations funded under Axis 1 and 3 measures, to also contribute significantly to the aims of the new challenges

Table 5.3.6 also sets out how the funding available under the EERP will contribute to the challenges of support for broadband and support to address the dairy sector.

Because the new CM does not provide any additional funding for the RDPE, no adjustments to the existing indicators or targets are required.

ii) The aid intensities amendment is expected to contribute to achievement of the outcomes of the Rural Development Programme for England by increasing uptake of the relevant measures contributing to the new challenges and providing more effective assistance to rural businesses through the economic downturn by enabling available investment at a higher aid intensity rate. It does not require any adaptation of the Programme's targets.

iii) The change in co-financing rates will result in a small reduction in the national contribution to the programme, reflected in the financial tables.

iv) The cross compliance changes introduced following the Health Check have no implications for the operation of the Environmental Stewardship scheme since they do not affect the regulatory baseline above which payments are made.

3. The relationship between the change and the national strategy plan

The changes are fully in line with the UK National Strategy Plan, which has been revised to take account of the Health Check agreement.

4. Financial implications of the modification

The detailed financial implications of this modification for the financing of the Programme will be set out in Chapters 6, 7, and 8 of the revised RDPE Programme Document. The table below summarises the impact of these changes of the funding of the Programme.

	2010	2011	2012	2013
New Compulsory Modulation (€m)	44	66	88	110
Voluntary Modulation plus new Compulsory Modulation (€m)¹	368	367	364	364

1. This represents the same level of funding that was available as the previous (pre Health Check) total for VM

5. Monitoring Committee

The Programme Monitoring Committee was consulted in writing on these proposals on 10 July 2009. They have agreed to the submission of these proposals to the European Commission.

The indicative financial allocation of the amounts resulting from the CAP Health Check and the EERP is presented in Table I.

Table I. Indicative financial allocation

Priority	% financial allocation
Biodiversity	46
Climate change	24
Water management	28
Restructuring the dairy sector	1
Broadband infrastructure	1

Appendix 1 - Table 5.3.6 of the RDPE – list of types of operations used to implement the new challenges in England

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 that received investment support	Total volume of investment ('000 EUR)
121	Investment support related to dairy production	Improvement of the competitiveness of the dairy sector	E	Section 5.1.5	15	1,108
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 enterprises supported	Total volume of investment ('000 EUR)
123	Improvements in processing and marketing related to dairy	Improvement of the competitiveness of the dairy sector	E	Section 5.5.7	12	1,108
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 enterprises support 24	
124	Innovation related to the dairy sector	Improvement of the competitiveness of the dairy sector	E	Section 5.1.8	Total volume of investment ('000 EUR) 1,108	

Measure 214	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
	Extensive forms of livestock management	Reduction of methane (CH4) and nitrous oxide (NO2)	E	Section 5.2.2.1	19,000	114,000	114,000	19,000
	Integrated and organic production	Conservation of species-rich vegetation types, protection and maintenance of grasslands	E	Section 5.2.2.1	2,000	52,000	52,000	2,000
	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	Section 5.2.2.1	1,350	13,500	13,500	1,350

Measure 216	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 volume of investment ('000 EUR)
	Wetland restoration	Conservation of high-value water bodies, protection and improvement of water quality	E	Section 5.2.3.1	300	1,000
	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	Section 5.2.3.1	1,800	11,000
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 actions supported	Total volume of investment ('000 EUR)
321	Creation of and enabling access to broadband infrastructure including backhaul facilities and ground equipment (e.g. fixed, terrestrial wireless, satellite-based or combination of technologies)	n.a.	N	Section 5.3.6	8	7,388 (total) = 4,433 (public) + 2,955 (private)

Table 6-1 - Annual Contribution from the EAFRD (in EUR)

	2007	2008	2009	2010	2011	2012	2013	2007-2013
Non-convergence	137,247,398	149,665,390	145,974,876	146,955,995	145,381,425	144,147,025	142,636,693	1,012,008,802
Convergence	11,242,589	12,105,122	11,758,373	11,843,490	11,704,507	11,595,049	11,459,631	81,708,761
VM	0	313,046,687	341,172,749	324,359,113	301,134,628	278,835,868	256,726,905	1,815,275,950
Additional funds from Article 69(5a) of Regulation (EC) No 1698/2005 (new challenges: non-convergence)	0	0	3,911,400	45,902,401	64,381,271	86,108,411	107,642,784	307,946,267
Additional funds from Article 69(5a) of Regulation (EC) No 1698/2005 (new challenges: convergence)	0	0	0	1,152,824	1,717,723	2,297,549	2,872,139	8,040,235
EAFRD total	148,489,987	474,817,199	502,817,398	530,213,823	524,319,554	522,983,902	521,338,152	3,224,980,015

6.2.1 Non-convergence regions

	Public contribution		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	191,413,666	50%	95,706,833
Axis 2	1,460,490,376	55%	803,269,707
Axis 3	111,734,352	50%	55,867,176
Axis 4	111,485,404	50%	55,742,702
Technical Assistance	2,844,768	50%	1,422,384
Total	1,877,968,566		1,012,008,802

6.2.2 Convergence regions

	Public contribution		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	40,178,671	75%	30,134,003
Axis 2	26,800,944	80%	21,440,755
Axis 3	36,184,912	75%	27,138,684
Axis 4	3,993,759	75%	2,995,319
Technical Assistance	0		0
Total	107,158,286		81,708,761

6.2.3 Voluntary modulation

	Public contribution		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	226,370,892	100%	226,370,892
Axis 2	2,172,813,138	60%	1,303,687,883
Axis 3	179,453,077	100%	179,453,077
Axis 4	105,764,098	100%	105,764,098
Total	2,684,401,205		1,815,275,950

6.2.4 New challenges and EERP: non-convergence

	Public contribution		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	4,432,920	75%	3,324,690
Axis 2	401,729,183	75%	301,296,887
Axis 3	4,432,920	75%	3,324,690
Axis 4	0		0
Total	410,595,023		307,946,267

6.2.5 New challenges and EERP: convergence

	Public contribution		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	0		0
Axis 2	8,933,594	90%	8,040,235
Axis 3	0		0
Axis 4	0		0
Total	8,933,594		8,040,235

6.2.6 Total Public Expenditure: summary table

	Public contribution		
	Total public	EAFRD amount	% EAFRD total
Axis 1	462,396,149	355,536,418	11.0%
Axis 2	4,070,767,235	2,437,735,467	75.6%
Axis 3	331,805,261	265,783,627	8.2%
Axis 4	221,243,261	164,502,119	5.1%
Technical Assistance	2,844,768	1,422,384	0.0%
Total	5,089,056,674	3,224,980,015	100.0%

Table 6.3: Indicative budget related to operations referred to in Article 16a of Regulation (EC) 1698/2005 between 1 January 2009 and 31 December 2013 (Article 16a(3b) up to the amounts specified in Article 69(5a) of Regulation (EC) No 1698/2005) (New challenges and rural broadband resulting from the CAP Health Check and the Economic Recovery Package)

Axis/measure	EAFRD contribution for 2009-2013 (in EUR)
121 - farm modernisation	1,108,230
123 - adding value to agri/forestry products	1,108,230
124 - cooperation for developing new products	1,108,230
Axis 1 total	3,324,690
214 - agri-environment payments	287,683,534
216 - non-productive investments (agriculture)	21,653,588
Axis 2 total	309,337,122
321 - basic services - rural broadband	3,324,690
Axis 3 total	3,324,690
Total programme	315,986,502
Total under Axis 1,2,3 and 4 related to priorities listed in Article 16a(1), points (a) to (f) of Regulation (EC) No 1698/2005 (new challenges)	312,661,812
Total under Axis 3 and 4 related to priorities listed in Article 16a(1), point (g) of Regulation EC No 1698/2005 (rural broadband)	3,324,690

AMENDMENT C: ADDITIONAL FUNDS (FROM WINE CMO + REVIEWED NATIONAL CEILINGS)

1. Reasons and any implementation problems justifying the amendments

The two changes within this submission relate to the allocation of small amounts of additional funds.

- i) The first amendment incorporates into the RDPE the new funding for vocational training and information actions available following the reform of the Common Market Organisation (CMO) for Wine (Council Regulation (EC) No 479/2008).
- ii) The second amendment adds the additional funds resulting from the review of the national ceilings set in annex IV of Regulation 73/2009.

2. Description of the amendments proposed

i) Measure Code 111 of the RDPE is being extended to include vocational training and information actions aimed at the UK wine production sector. The reform of the Wine CMO requires wine producing Member States to introduce national support programmes to assist their wine production sectors adapt to the post-reform policy framework.

The budget for the UK wine support programme is €160,000 in 2009 rising to €280,000 in 2013³. The UK notified its draft programme to the European Commission on 30 June 2008. The submission proposed transferring €160,000 for each year of the five year programme, i.e. €800,000, to the Rural Development Programme for England under the second paragraph of Article 23.3 of Regulation 479/08. The intention is to fund projects that are aimed primarily at up-skilling the UK wine industry which is largely based in England to improve the competitiveness and technical capability of this developing sector.

Commission Regulation (EC) No 1246/2008 confirmed the transfer of €160,000 in each of the 5 years (2009 to 2013) from the budget for the UK wine support programme to the budget allocation for Rural Development.

Priority areas for training for existing wine producers and potential new entrants will include:

- Cultivation of wine grape varieties
- Wine making
- Environmental management
- Management and business skills
- Sustainable wine technologies
- Supply chain efficiency

³ Annex II of Council Regulation (EC) No 479/2008

- The regulatory framework
- Sensory appreciation of UK wine types and styles

Knowledge transfer will be important in achieving a more competitive and sustainable UK wine production sector. It is expected, therefore, that the measure will include a range of activities other than formal training courses, including:

- Technical conferences
- Seminars
- Workshops and demonstrations
- Support and mentoring
- Technical and management information
- Regulatory guidance
- Support for knowledge and technology transfers

Support will not be provided for courses or training which form part of normal programmes at secondary or higher education levels.

Chapter 5 of the Rural Development Programme for England is amended to accommodate these activities and the Programme's finance tables is amended to reflect the small amount of additional funding that will be available.

ii) The second modification amends the financial tables to include the England share of the additional funding resulting from the review of national ceilings.

The UK EAFRD allocation has been increased by €100,000 due to a review of the number of farmers/payments below the level of the franchise. This review affects the calculation of compulsory modulation. Therefore, the England share of the allocation has been calculated on the same basis as the original compulsory modulation allocation i.e. 66%.

The funding will be added to the allocation for measure 214, agri-environment payments.

3. The expected impacts of the amendments

- i) The purpose of the amendment is to improve the technical capability and enhance the competitiveness of the developing UK wine production sector through vocational training and information activities.
- ii) UK wine production is largely concentrated in the South East of England and the activity covered by this amendment will be co-ordinated by the South East of England Regional Development Agency (SEEDA). However, training will be open to existing and potential wine producers in other regions of England.
- iii) The sum of additional funding is very small. The impact will therefore be negligible.

4. The relationship between the changes and the national strategy plan

- i) The amendment is in conformity with the UK National Strategy Plan since it will improve the overall level of skills and overall competitiveness of the UK wine production sector.
- ii) The funding will be used to meet the priority of improving the environment and the countryside under axis 2, which is also consistent with the aims of the Community Strategic Guidelines. These priorities are set out in the UK National Strategy Plan.

5. Financial implications of the modifications

- i) The amendment will result in the transfer of €160,000 in each of the 5 years (2009 to 2013) from the budget for the UK wine support programme to the budget allocation for Rural Development. These amounts will be subject to national co-financing match-funded at a rate of 50%.
- ii) €20,000 public expenditure will be added to the RDPE as a result of this amendment. €6,000 EAFRD and €54,000 national co-financing, in line with the existing co-financing rate for axis 2 EAFRD expenditure.

6. Monitoring Committee

The Programme Monitoring Committee was consulted in writing on these proposals on 10 July 2009. They have agreed to the submission of these proposals to the European Commission.