1. The CLA represents some 50,000 landowners who between them own 5 million hectares of rural land. Our members are involved in a wide range of rural businesses: agriculture, forestry, fisheries, tourism, recreation and other rural industries. As people who live and work in rural areas, they have a direct interest in ensuring that their communities remain economically and environmentally sustainable. As such, we welcomed the European Commission’s decision to strengthen the “second pillar” of the CAP by developing the Rural Development Regulation. We also welcomed the UK Government’s decision to provide extra funding for the RDR through a transfer of funds from agriculture to rural development.

2. We understand that the terms of the RDR were such that, apart from Article 33, the focus for the Regulation had to be farming rather than broader rural development concerns. We must however put down a marker expressing our regret at the strong farming focus apparent throughout the proposals for the RES. It is vital that a much wider concept of Rural Development is embraced which encourages farmers (and officials) to grasp the idea that all rural resources must be better utilised to generate activity and jobs in rural areas. The scope of the activities considered should be limited only by the requirement that they are consistent with the essential character of rural areas.

3. That being said, we welcome the RES, which promotes a number of initiatives which we believe can contribute significantly to the economic development of rural communities in England.

4. Our response broadly follows the order of the consultation document.

SCHEME COVERAGE

5. We feel very strongly that funding for rural development should, in principle, be available across all rural areas. Although we fully support targeting of aid to areas in particular need of assistance, we query MAFF’s statement that projects which benefit designation as Objective 2 rural areas will be “a particular target for aid” under the RES. We would argue that Objective 2 funding exists precisely to target aid to areas in particular need of assistance. Providing these areas with additional special targeting under the RES would unjustifiably limit the funding available to areas which do not benefit from Structural Fund expenditure. Our preference would be for a weighting of funding in favour of non-Objective 2 areas (see also our comments on “Funding”).

6. We warmly welcome MAFF’s proposal to ensure that all the measures listed under Article 33 of the RDR should be available under the RES. This will give the regions the flexibility to set their own priorities. Consequently, we agree that the RES should adopt a flexible approach in order to accommodate the widest range of projects.

7. We have some reservations about MAFF’s classification of high priority and low priority measures. We believe, for instance that, at a time when the farming sector continues to face difficulties, it may be incautious to argue that reparcelling, farm relief and financial engineering measures are low national priorities.
8. We have some concerns about the proposed split of eligible projects along a roughly drawn "profit-motivated"/"not for profit" line, and would argue that it is a specious one. Sustainable development should enable communities to survive while ensuring that they endure (the seminal definition provided by the Brundtland Commission states that "sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs"). We would argue that the sustainable development of rural communities entails that environmental, social and economic policies are conducted together and that it is virtually impossible to state a priori which is the most important. The benefits of projects must be assessed on a case by case basis.

9. Although the projects listed in the first tier ("minimal economic return") do have a public good dimension, which doubtless explains the decision to grant a higher level of public funding, we would argue that the proposed distinction is unhelpful overall, and its underlying motivation open to challenge. The purpose of the RES is not to provide long-term funding, but to enable or stimulate rural development. For instance, we believe that pump-priming funding for a marketing or diversification scheme – which arguably will stimulate the local economy and enable people to remain in their villages — will in the long-term contribute as much if not more to the sustainability of those communities than renovation or environmental grants. After all, if there are no people left, who will benefit from the renovation, or manage the environment?

10. Another example is that of the conversion of redundant farm buildings. These buildings are frequently important in the landscape, of significant architectural value, and very often not listed. Their conversion to an alternative economic use more often than not generates multiple benefits such as: securing the building in the landscape, supporting the owner’s income, providing employment, helping relieve the pressure for greenfield development… What is the status of such conversions? Will they be categorised as essentially profit-making, despite their other benefits?

11. Consequently we urge MAFF to reconsider its two-tier approach to levels of grant.

12. MAFF proposes that, in order to achieve value for money, applicants should bid for the level of funding they judge necessary, rather than to offer a fixed rate of grant. We welcome this approach insofar as it should not only ensure a more efficient use of resources, but should also allow more flexibility in setting up projects. However we have a substantial rider to add: although the theoretical benefits of auctions are well recognised, in order to be efficient they must be more carefully designed than seems to be the case here.

13. There are also serious cost implications potentially associated with a competitive approach. The experience which many rural communities made with Objective 5b funding was that “glossy” submissions tended to be favoured over equally good (or even better), but less superficially inspiring projects. We discuss this more fully in our comments on “promotion and project development” (paras. 21 and 22 of the consultation).

FUNDING

14. As we have already argued in para. 5, we urge MAFF to reconsider the allocation of funding to ensure that non Objective 2 areas are better resourced.

15. We support the idea that there must be some minimum standards set so that budgets are not spent at any cost. However since the purpose of the RES is to encourage enterprising behaviour, it would be preferable to insist that, although minimum standards should be set,
any unspent funds should be rolled over to the next application window. If standards of bids are not good enough to spend the rolled-over funds in the next period, then these funds should be used to finance “facilitation” (i.e. help applicants improve the quality of applications). This is a better way of improving standards of projects than simply moving the funds out of the region.

SCHEME OPERATION AND PROJECT ASSESSMENT

16. **We welcome the proposal to introduce more than one application deadline. We feel that a quarterly cycle is about right**, as it gives applicants several opportunities in one year. However, this approach will be effective only if applications are processed swiftly, in part to enable unsuccessful applicants to improve their bids for the next, or next-but-one bidding round.

17. We warmly welcome MAFF’s statement that the scheme literature “will be clear and easy to follow” (para. 16). One of our main concerns is to ensure that the scheme is understood by most potential applicants, and that the process of application should be simple. In this respect, para. 18 of the consultation is not helpful as it seems to indicate that there will be a considerable body of literature which applicants will have to consider. We urge MAFF to remember that most applicants are busy enough leading their normal activities and trying to set up a solid business proposal without having to plough through reams of rules and regulations. At the very least a “critical path”–type document should be drawn to ensure that applicants are directed to the relevant documents, and that reading is kept to a minimum.

18. Although we consider that the **assessment criteria are about right**, we have concerns about some of them.  
   • The first criterion (“need”) may introduce a bias against purely economic (profit-driven) ventures even though, as we argued earlier, successful businesses are the linchpin of a sustainable community. The concept of “market need” is unclear (does it mean “market failure” or something else?) Moreover, how does MAFF propose to assess “market need”? Who will be taking this decision?
   • We would also like to have more details as to how MAFF proposes to assess the “sustainability” of a project and what weighting it proposes to allocate to environmental, social and economic impacts.

19. We are alarmed by the proposed composition of the regional Appraisal Panels, which is very bureaucratic, and suggest that there should be some industry / technical representation.

PROMOTION AND PROJECT DEVELOPMENT

20. MAFF should provide a clear list of who, apart from farmers, is eligible to apply.

21. Although much progress has been accomplished in the UK over the past few years in promoting a co-operative approach, many farmers are still reluctant to do so. We suggest that some of the RES resources could be used to fund facilitators/project managers in cooperative projects.

22. This leads us to the issue of “facilitation” (para. 22). We would strongly urge MAFF to ensure that project development funding should be widely available. Restricting “facilitation” money only to successful applications means that no assistance is forthcoming when it is most needed, i.e. when projects are being developed. It also means that applicants must in effect gamble that they will recoup project development costs. We would encourage MAFF to consider a two-tier approach, whereby applicants would first apply for a “facilitation” grant. Once obtained, this would be secure, whatever the subsequent fate of the project.
23. It is clear from this section that MAFF is intending to make “facilitation” money available only to larger projects. What is being done to help smaller projects? **We urge MAFF to provide free advice also to those seeking to develop smaller projects.** This could be through special MAFF advisers, or by ensuring that SBS farming advisers are trained (and funded) to provide advice on the RES.

**PLANNING CONSULTANCY ADVICE FOR DIVERSIFICATION PROJECTS**

24. **We welcome the government’s commitment to provide free advice to farmers seeking approval from the planning authorities.** That being said, we do have two main comments on this section of the consultation document (para. 23).

- The consultation paper seems to imply that RES projects could be approved before planning permission is obtained. This approach – which we believe is the right one – is inconsistent with the proposal put forward in the consultation on the Processing and Marketing Grant Scheme that “applicants secure full planning permission before submitting an application for grant” (para. 19). We would suggest that the same rule be applied for the RES as for the PMGS, and that it should involve a two-stage approach:
  1. Approval to be granted in principle, without the need for prior planning permission. Such approval would trigger the delivery of free planning advice as well as a plan preparation grant. (For larger projects Tier 1 could be further broken down into 1) approval for a “facilitation” grant, and 2) in-principle approval conditional on planning consent).
  2. Once planning permission was obtained (as well as any other statutory consents), final approval of the scheme would be granted.

- Some schemes do not require planning permission but do entail some formalities in terms of building regulations. We suggest that these schemes should also benefit from free advice.

**MONITORING AND LIAISING**

25. We welcome the partnership approach adopted by MAFF. However, we are concerned at the lack of industry representation in the National Strategy Group and the Regional Programming Groups.

26. We are also concerned at the composition of the Regional Rural Development Consultation Groups. Although we commend the intention behind their creation, and recognise the need to involve as many “stakeholders” as possible, we do have reservations about the competence of some of them to pronounce on matters beyond their usual remit. It seems reasonable that those whose livelihoods are directly affected by the measures under the RDP are, at the very least on a par numerically with those with a particular focussed interest. We would welcome the introduction of more technical experts on these groups, to improve the quality of the RRDCGs’ work.

**FUTURE DEVELOPMENTS**

27. Although we understand the decision to increase the integration between RDP schemes, we would warn MAFF against setting up a cumbersome and bureaucratic liaison system, such as proposed in para. 26. Although “multi-scheme” projects should be encouraged, we urge MAFF to devise as simple a system as possible to do so, and not to focus too much on this aspect to the detriment of “single-scheme”, but arguably very useful, rural development projects.
28. We hope these comments are helpful, and are ready to discuss them further with MAFF officials.

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