

12 A description of the monitoring and evaluation systems, as well as the envisaged composition of the Monitoring Committee

12.1 A description of the monitoring and evaluation systems

Introduction

1. The progress and effectiveness of the Programme in England will be monitored, evaluated and reported in accordance with articles 13, 78, 79, 81, 82, 85 and 86 and Annex VIII of Regulation 1698/2005 and the Common Monitoring and Evaluation (CMEF) Handbook. Accordingly, baseline indicators have formed part of the analysis and evidence on the current situation in rural England presented in Chapter 3 and used to define the objectives of Programme expenditure. Impact indicators and, where appropriate, indicative targets for the impact of the Programme have been set to allow its overall effectiveness to be assessed. In addition, for each measure used in the Programme, input, output and results indicators will be used as an evaluation tool, based upon the intervention logic for each measure.
2. Monitoring will be based on the common indicators set by the Commission in the Common Monitoring and Evaluation Framework (except in circumstances where they are not relevant) but additional indicators will also be used, where necessary, to allow full evaluation of the effectiveness of the measures as they are implemented within the context of the England Programme.
3. The following table describes the relationship between the four types of indicator used for monitoring the Programme:

Input indicators. These refer to the budget or other resources allocated at each level of the assistance. Financial input indicators are used to monitor progress in terms of the (annual) commitment and payment of the funds available for any operation, measure or programme in relation to its eligible costs.

Example: expenditure per measure declared to the Commission

Output indicators. These measure activities directly realised within programmes. These activities are the first step towards realising the operational objectives of the intervention and are measured in physical or monetary units.

Example: number of training sessions organised, number of farms receiving investment support.

Result indicators. These measure the direct and immediate effects of the intervention. For example, they provide information on changes in the behaviour, capacity or performance of direct beneficiaries and are measured in physical or monetary terms.

Example: successful training outcomes, number of holdings introducing new products and new techniques.

Impact indicators. These refer to the benefits of the programme beyond the immediate effects on its direct beneficiaries both at the level of the intervention but also more generally in the programme area. They are linked to the wider objectives of the programme. They are normally expressed in “net” terms, which means subtracting effects that cannot be attributed to the intervention (e.g. double counting, deadweight), and taking into account indirect effects (displacement and multipliers).

Example: increase in employment in rural areas, increased productivity of agricultural sector, increased production of renewable energy.

4. In general, input and output indicators will be measured through information collected at the point of delivery, generally through administrative records though there may be occasions when the information is better obtained by carrying out surveys. Result indicators may be measured either through administrative records or through evaluation methods such as sample surveys. Impact indicators, on the other hand, will be determined at the evaluation stage, using input, output and result information but also other tools and wider sources of data to build up a picture of the net impact of the programme on its wider strategic objectives.

5. The CMEF Handbook amplifies this point by saying that “indicators are used as tools to assess how far the expected objectives have been achieved by measures or whole programmes”. In other words, monitoring is not an end in itself, but an aid to programme evaluation and development.

Setting targets

6. The CMEF handbook provides the following guidance on setting targets:

“Quantification is an essential element in effective monitoring and evaluation. All indicators should therefore be quantified and appropriate targets set, where the indicator concerned lends itself to quantification.... In principle, all indicators presented as part of the common monitoring and evaluation framework are quantifiable.

Quantified targets are *indicative estimates*, based on experience and expert judgement. A standard approach is to use benchmarks established in past programme reporting, evaluation and studies. Evaluators will play an important role in the context of the ex-ante evaluation by verifying quantified targets for outputs and results and in the setting of quantified (and where appropriate qualitative) targets for impact.”

7. The England monitoring and evaluation system follows these broad principles. The collection of quantitative monitoring data against the indicators is an important input into evaluating the effectiveness of a measure. However, they should not be used in isolation: the quantitative data need to be interpreted flexibly, alongside qualitative assessments, taking account of the specific circumstances of the Programme. Qualitative information will often be a vital “missing link , for example” in:

- demonstrating causation,
- explaining how or why change has or has not occurred,
- identifying unintended consequences, and
- helping evaluators to assess the net effect of the Programme on the desired outcomes.

8. Monitoring and evaluation will be on going over the full seven years of the Programme so that the managing authority and the Programme Monitoring Committee can examine the progress of measures and the Programme itself against intended

outcomes. It is expected that targets will also be adjusted in the course of the Programme to take account of increasing experience in delivering the outcomes and reflect the results of new research.

9. The output and result indicators and targets for the England Programme are described in more detail below and the quantified targets are listed in the Annex to Chapter 12. In broad terms, the approach can be summarised as follows:

- For Axis 2, the CMEF indicators have been supplemented with a number of additional indicators, reflecting the high priority given to environmental land management in the England programme and the fact that up to 80% of EU expenditure through the Programme will be delivered through this Axis.
- For Axis 1, there will be a limited number of additional indicators to record particular priorities (e.g. support for the livestock sector) which are not covered by the set of CMEF indicators.

10. For the purposes of monitoring and evaluation, Axes 3 and 4 can usefully be considered together. More weight has been given, in developing the indicators and targets, to economic objectives such as growth in GVA. This reflects the priority given in the Programme to encouraging improved economic performance in rural areas. However, the Leader approach will also, importantly, reach out to social and environmental objectives as well. It is likely that a qualitative rather than quantitative analysis will be most effective in capturing the overall value of Leader. Further work needs to be done to develop a full set of indicators and targets for Leader, but an outline of what these might consist of is given in Section 12.1.4.

11. Impact indicators and targets for all the axes are described below and, again, quantitative targets are listed in the Annex to Chapter 12. Many of these impacts are the result of more than one measure, and indeed often depend on activities supported under two or more of the axes. They are thus considered together rather than allocated to individual measures. This reflects the integrated approach that has been taken, seeking to ensure that activities under different axes are mutually supportive. Additional, programme-specific, indicators are also included below.

12.1.1 Axis 1: Indicators and targets

Output indicators and targets

12. Output indicators for Axis 1 build on the CMEF by adding Programme-specific indicators for specific targeted objectives relating to the voluntary modulation component of funding for the Axis. These cover:

- support for the livestock sector through measures to:
 - improve the competitiveness of the sector;
 - enhance on-farm management of nutrients; and
 - provide specific support for measures to improve animal health and welfare;
- support for the establishment of energy crops under the modernisation of agricultural holdings measure (measure code 121).

13. The targets for each of the output indicators are provided in the Annex to Chapter 12. These targets are provisional at this early stage in implementation of the Programme since they depend significantly on the indicative amount of expenditure forecast for each measure within the Axis. The targets will be reviewed and, if necessary, amended in future revisions of the programme to reflect further refinement of regional priorities.

Result indicators

(a) Number of participants that successfully ended a training activity related to agriculture and forestry. Applies to:

Measure 111 – Vocational training and information actions etc.

14. This measure potentially covers a number of forms of training and information exchange, from formal training leading to a qualification or certificate to informal diffusion of information through, for example, seminars and business clubs. The application of the measure will vary considerably across England, so although a record will be kept for monitoring purposes of the number of participants receiving a certificate, degree or diploma, no target will be set for the number of such qualifications expected.

15. Targeting will instead be focused on analysis of evaluation sheets completed immediately after the training finishes, backed up by selective examination of follow up activity through ongoing evaluation. This information will serve two purposes:

- providing a proxy for the indicator of success in applying skills in practice;
- allowing evaluators to assess the most successful forms of training for the client groups, thereby influencing future training support.

16. An additional output indicator will also be set to record the number of participants who successfully complete the training activity.

17. Going beyond these indicators of success, there is a need to analyse in more detail the relationship between skills acquisition and increases in productivity, both as it relates to support provided specifically under the RDPE and also more generally across the whole of the farming, food and forestry sectors. Work on developing a suitable additional indicator and targets to measure the correlation between skills and productivity will form part of ongoing evaluation with a view to introducing such an indicator in future revisions of the Programme.

(b) Increase in gross value added (GVA) in supported holdings/enterprises. Applies to:

- use of advisory services (forestry only) (114)
- setting up of farm management, farm relief and farm advisory services (115)
- farm modernisation (121)
- improving the economic value of forests (122)
- adding value to agricultural and forestry products (123)
- cooperation for development of new products, processes and techniques (124)
- improving and developing infrastructure related to the development and adaptation of agriculture and forestry (125)

18. This indicator (as explained in Annex I of the CMEF handbook) needs to capture gross changes in GVA: a change in GVA over different years might be explained by other factors than the received support. However, as recognised in the guidance, GVA cannot be meaningfully measured at the individual holding or enterprise level. Data on average profit after taxes is available at holding or enterprise level and can be used as a suitable proxy for this indicator, calculated as follows:

the average profit after taxes of assisted holdings/enterprises = turnover - costs whereby:

- costs =
 - o direct inputs: seed, plants, fertilizer, animal feed, energy, water, contract work, ...
 - o + overheads: maintenance and depreciation of buildings and machinery, insurances, other
 - o + labour costs
 - o + rent
 - o + interest
- turnover = value of sales - bonuses given on sales - taxes on sales

19. Impacts on growth rates of the measure will be captured by comparing the evolution of this indicator over different years. Analysis also requires a comparator (for example, the Farm Business Survey in the case of agriculture) to assess the relative increase in profitability growth for holdings supported through the England programme against the whole of the sector.

20. Data for the indicator will be assembled using the method recommended in the CMEF handbook, that is, through the collection of information at periodic intervals on the gross profitability of the affected holdings or enterprises. However, no target will be set for a specified average growth in profitability of holdings or enterprises supported under the England programme. Numerous factors may affect gross profitability, and indeed, it could be argued that holdings that show significantly high rates of growth in profitability are least in need of public intervention. On the other hand, a potential mark of success for the results of public intervention could be considered a rate of profitability growth, which is at least equal to the average for similar holdings or enterprises.

21. For these reasons, a target will be set for this indicator as follows:

“Farm/food/forestry enterprises supported under the Rural Development Programme for England show an increase in GVA (as measured by growth in profitability) which is equal to or greater than that in other farm/food/forestry enterprises in England”.

22. This indicator will feed through to the evaluation of whether support under the England programme has actually increased value added in the supported projects and into the related impact indicator for measuring net additional value added (see section 12.1.5 below).

- (c) Number of holdings introducing new products and/or new techniques. Applies to:
- modernisation of farms (121)
 - improving the economic value of forests (122)
 - adding value to agricultural and forestry products (123)
 - cooperation for development of new products, processes and technologies (124)

23. Given the priorities for Axis 1 of skills, knowledge transfer and innovation, it is expected that most projects supported under measures 121 to 124 will result in at least one new product or new technique. However, to retain flexibility (and take account of a marginal amount of failure in achieving stated objectives) the target for number of holdings receiving RDPE support under the relevant measures, which introduce new products and / or new techniques, has been set at 95%.

Additional result indicators

24. An additional result indicator is also included to measure the overall impact of Axis 1 support on the forestry sector:

- area of woodland being managed under an approved management scheme.

25. This indicator will be affected by activity under a number of Axis 1 Measures: 111 (Vocational training), 114 & 115 (Advisory services), 122 (Economic value of forests), 123 and 124 (Adding value and Co-operation) and 125 (Forest infrastructure). All of these could stimulate woodland being brought back into active management, complementing the direct funding for woodland management available under Axis 2.

26. The production and use of biomass fuels can make a significant contribution to reducing emissions and thereby combating climate change. The establishment of biomass from energy crops is already proposed as an additional output indicator, and is complemented by an additional result indicator, which sets a target for the area of energy crops under successful land management contributing to combating climate change. An indicator of actual production or consumption of woodfuel would also add to understanding of the impact of the Programme. However, there are still a number of technical difficulties to be overcome in obtaining reliable data on this, so for the time being no indicator is being proposed.

12.1.2 Axis 2: Indicators and Targets

27. Support under Axis 2 is grouped around four RDPE schemes:

- Hill Farm Allowance (measure 212);
- Environmental Stewardship and its predecessor schemes (measures 214 and 216);
- the English Woodland Grant Scheme and its predecessor (measures 221, 223, 225, and 227); and
- a national establishment grant scheme for energy crops, including short rotation coppice (measures 221 and 223).

28. For simplicity, information on output and result indicators is described below in relation to each of these schemes in turn.

29. This section also includes information on input indicators to describe how expenditure on agri-environment and forestry is expected to be distributed between the relevant measures.

12.1.2.1 Hill Farm Allowance (measure 212)

The Less Favoured Area (LFA) measure in England is implemented through the Hill Farm Allowance (HFA), in recognition of the difficulties that farmers face in these regions and the role they play in maintaining the landscape and rural communities of the hills.

Two targets are given for each indicator – one to 2008 and one for 2009. From 2008 onwards, the scope of the area supported under this measure will be restricted to the Severely Disadvantaged Areas (SDA) of the LFAs. The indicators therefore reflect the removal of Disadvantaged Areas (DA) from 2008 onwards. The targets have only been set up to 2009, after which the Government plans to integrate LFA support into Environmental Stewardship (which implements Measures 214 and 216). Appropriate additional indicators and targets will be set at a later date and will be included in a Programme modification.

Output indicators and targets

30. The output targets have been estimated based upon data from previous years. The number of holdings in the areas expected to be supported by the HFA are 9,000 in 2007 and 6,500 in 2009, when support is only available in the SDA. The area that will receive support is estimated to be 1.14m ha in 2007 and 0.95m ha in 2009.

Results Indicator and target

31. All support provided under this measure will contribute to the avoidance of marginalisation and land abandonment, therefore the target set for this indicator is the same as the total area that is expected to be supported. While the support will contribute to other results indicators, in particular the improvement in biodiversity, the area that contributes to this cannot be separately identified and such an effect is a result of the avoidance of land abandonment.

32. The data to measure progress against these targets will be collected and validated through farmers' Single Payment Scheme returns.

Additional Results Indicators and targets

33. The HFA contributes to protecting and enhancing the EU's natural resources and landscapes in rural areas. The result indicators demonstrate our contribution to a key EU level priority area, which is the preservation and development of High Nature Value (HNV) farmland and biodiversity in traditional agricultural landscapes. The correlation between the eligible area for HFA and land, which is designated as Special Protection Areas (SPA) or Special Areas for Conservation (SAC) will be monitored to demonstrate this.

34. An additional result indicator and target has been set for the area of agricultural land within the area designated as LFA. The target set is the same as the current area of agricultural land, as a measure of the degree to which expenditure under this Measure is helping to retain land in agricultural use. There are limitations to this indicator because there may be some upland areas where greater environmental benefits can be delivered through 're-wilding' where the land is no longer used for agricultural production. However, the degree to which this will happen prior to 2010 is expected to be very small.

35. Expenditure under this measure will contribute to the impact indicators reversing biodiversity decline and the maintenance of high nature value farming.

12.1.2.2 Agri-environment payments (measures 214 and 216)

These two measures are being implemented in England through Environmental Stewardship (ES), and through the remaining years of agreements made under the agri-environment schemes, which existed prior to the launch of ES in 2005. The overall aim of expenditure under the measures is to deliver public benefits through protection and improvement of the environment through land management activities. The baseline indicators of biodiversity and water quality establish the baseline against which to measure the impact of the measures.

Climate change mitigation is not yet an explicit objective of Environmental Stewardship. However, progress with the scheme will be reviewed this year and it is likely that climate change mitigation will become an objective. The climate change baseline indicator is therefore also relevant and is set out in the annex below alongside the other baseline indicators.

Output Indicators and targets

Measure 214 – agri-environmental payments

(a) *Physical area under agri-environmental support*

36. This is shown as the total area that is expected to be under agri-environment agreement by 2013. It is taken as a sum of total farm area for all farms expected to be under agreement. Whilst specific management options in each agreement may only apply to certain areas on the farm, all agreements are based upon a map identifying all the features of value on a farm, which must, at a minimum, be maintained as a condition of the support. The target of approximately 7million ha has been arrived at based upon the budget that will be available, the desired uptake of each element of ES and current data showing the cost of agreements per area.

(b) *Number of farm holdings and holdings of other land managers under support*

37. The target of 50,000 holdings was arrived at based upon the current number of holdings under agreement, the desired uptake of each element of ES, the size of the budget and current data regarding the cost per holding under agreement.

(c) *Total area under agri-environment support*

38. The target of 2.5m ha is calculated by estimating the area of land that will be under specific management options by 2013, based upon the size of the budget, desired uptake of the different elements of ES and current data showing the area under management options. Two or more options may apply to the same piece of land. Where this is the case, each option is included in the total coverage to demonstrate the multiple benefits that can be obtained from ES and its predecessor schemes.

39. However, the area covered by management plans is, excluded from the target. These cover the whole farm area and each farm may have up to four plans in place. An additional indicator, described below, will be used to record the area of land under management plans.

40. This indicator does not capture the length of linear features managed. An additional indicator, also described below, has been established to record this.

(d) *Total number of contracts*

41. Because each agreement covers the whole farm, the target for this indicator is set at the same level as the target for the number of holdings receiving support.

(e) *Number of actions related to genetic resources*

42. A target has not been set for this indicator because it is not a primary objective of ES. While some management options in Higher Level Stewardship, such as the rare breeds grazing option, traditional orchards options, and restoration of hay meadows option, could contribute to this indicator, it is not the main aim of such options.

(f) *Additional output indicator: length of linear features managed.*

43. The common area-based indicators and targets exclude options that cover the management of linear features. For this reason, an additional indicator has been suggested to capture this activity. It is estimated that 300,000 km of linear features e.g. hedges and stone walls, will be managed, restored or created by 2013. This target has been estimated based upon current levels of uptake of these options and the budget that will available in future. These options will largely contribute to the improvement of biodiversity and landscape.

Measure 216 - support for non-productive investments (agriculture)

44. Much of the information provided in the previous sections on measure 214 apply equally to this measure. The following paragraphs provide further information specifically relating to support for non-productive investments under agri-environment schemes.

(h) Number of farm holdings receiving support

45. The target of approximately 9,000 farms to receive support under this measure is an estimate based upon current numbers.

(i) Total volume of investment

46. The contribution that the farmer is expected to make to capital works funded under this measure varies depending upon the specific option. However, the average contribution is estimated to be 40% of the costs. Therefore, a target of £322m over the lifetime of the Programme has been set.

Results indicators and targets

47. The results indicators, combined with commissioned surveys and studies, will assist in assessing the degree to which expenditure under measures 214 and 216 are achieving their objectives. Additional results indicators will be set to cover ES objectives not covered by the common indicators. All the targets listed below have been set based upon a matrix listing all options available under agri-environment schemes and which indicators they contribute. The current area covered by all the options that contribute to each indicator has been added together and then extrapolated to give an estimate of the area that will be covered by 2013, based upon the uptake that is expected given the size of the budget. Where options contribute to more than one indicator, they have been recorded as such to demonstrate the level of multiple benefits achieved under this measure. However, the area covered by management plans has been excluded to avoid distorting the figures. The contribution of options, which relate to linear features, is also not included in these targets because they cannot be measured by area.

48. Scheme monitoring through compliance checks, care and maintenance visits by advisers and commissioned sample surveys will allow an assessment to be made of the degree of success the actions have in contributing to these categories. Targets will be adjusted based on this assessment. Commissioned surveys of a sample of agreements will be a vital addition to these indicators to ensure that options implemented are successfully contributing to the objectives on the ground (see below for further details).

Measure 214 – agri-environmental payments

(a) Area under successful land management contributing to:

- - improvement in biodiversity

49. Options contributing to improvement in biodiversity are expected to cover approximately 2m ha by 2013.

- - improvement in water quality

50. Options contributing to improvement in water quality are expected to cover approximately 1.2m ha by 2013. This target is based upon the current level of knowledge regarding the contribution of options to water quality. However, extensive research is being carried out to ensure that agricultural practices can be adapted as necessary to meet Water Framework Directive objectives. ES as a whole, and these targets, will be adjusted as knowledge improves.

- - mitigating climate change

51. A target will not be set for this indicator because mitigating climate change is not yet an explicit aim of expenditure under this measure, although the area that is contributing to this can be reported. Following the 2007 ES review of progress, this is expected to become an explicit objective of ES and a target will be set at that point.

- - improvement in soil quality

52. Options contributing to improvement in soil quality are expected to cover approximately 1.2m ha by 2013.

- - avoidance of marginalisation and land abandonment

53. A target will not be set for this indicator because it is not an objective of expenditure under this measure.

Measure 216 – non-productive investments (agriculture)

54. Expenditure under this measure is used to support capital expenditure, (for example, fencing and restoration of traditional farm buildings). Targets have been set based upon the expected proportion of expenditure contributing to successful land management, which helps improve biodiversity, water and soil quality.

- - improvement of biodiversity

55. It is estimated that about 70% of expenditure under this measure will contribute to the improvement of biodiversity.

- - improvement of water quality

56. It is estimated that about 25% of expenditure under this measure will contribute to the improvement of water quality.

- - mitigating climate change

57. A target will not be set for this indicator because mitigating climate change is not yet an explicit aim of expenditure under this measure, although the area that is contributing to this can be reported. Following the 2007 ES review of progress, this is expected to become an explicit objective of ES and a target will be set at that point.

- - improvement of soil quality

58. It is estimated that in the order of 25% of expenditure under this measure will contribute to the improvement of soil quality. -

- - avoidance of marginalisation and abandonment

59. A target will not be set for this indicator because it is not an objective of expenditure under this measure.

Additional results indicators and targets

60. These have been set to capture the contribution of agri-environment expenditure to scheme objectives that are not covered by the common indicators.

(a) *Area under successful land management contributing to:*

- - improvement of landscape quality (encompassing the historic environment).

61. Although the contribution of options to landscape quality will often depend upon their exact location in the landscape and the wider landscape context, an indicator and target is suggested to ensure that the contribution of the expenditure to landscape quality is captured. Therefore, options contributing to improvement in landscape quality are expected to cover approximately 1.2m ha by 2013. This target has been set using the same methodology as the common results targets.

(b) Access

62. Although options improving public access to farmland are funded nationally and supported as a state aid, indicators and targets are being set under the programme because the expenditure is delivered as a part of agri-environment schemes. The targets below have been set based upon existing targets for the delivery of access under agri-environment schemes.

- - educational access

63. The target is for about 1,500 agreements to provide educational access to farms under agreement by 2013. Agreements require between 4 and 25 educational access visits to the farm to be carried out each year for the 10 years of the agreement.

- - linear access

64. At least 200 new agri-environment agreements per year of the programme are expected to deliver some new or upgraded linear access.

(c) Condition of Natura 2000 sites

65. Measure 213 is not being used in England because improvement in the condition of Natura 2000 sites will be achieved largely using measures 214 and 216. An indicator is needed to capture the success of these two measures in achieving this. The target set is to achieve 95% of Natura 2000 site in favourable condition by 2010. This is in line with England's domestic target to achieve 95% of SSSIs (all Natura 2000 sites are SSSIs) in favourable condition by 2010.

Measure 216

66. One additional result indicator is proposed for this measures:

(d) *Proportion of expenditure contributing to improvement of landscape (encompassing the historic environment)*

67. It is estimated that about 50% of expenditure under this measure will contribute to the improvement of landscape.

Monitoring system for measures 214 and 216

68. Progress against all the output and results targets, with the exception of the condition of Natura 2000 sites, will be monitored using the Genesis IT system, through which all ES applications are processed. The system records all the management options within each agreement and the area covered by each option. This makes it possible to assess up-to-date progress against all the targets above whenever necessary.

69. Expenditure under this measure will have a direct impact on three of the Programme impact indicators – (d), (e) and (f). It is not possible to disaggregate completely the effect of expenditure under this measure on these indicators from other drivers. Therefore the targets set and the reporting against them will be 'gross' and accompanied by a qualitative assessment of the Programme's contribution, based upon surveys and tailored studies.

Wider monitoring and evaluation

70. Prior to the launch of ES in 2005, a pilot of Entry Level Stewardship (ELS) was run in four areas. The evaluation of the pilot suggested a national scheme would be successful in delivering its objectives (biodiversity, landscape, historic environment and natural resource protection).

71. Since the launch of the national scheme, a monitoring and evaluation plan for ES has been developed to ensure that the effectiveness of expenditure under the scheme can be assessed. The plan is supported by a budget of approximately £1m per annum and includes proposals for various sample surveys and farm-scale monitoring to ensure the expenditure is achieving its objectives. The plan also sets out links with monitoring and evaluation carried out in other areas. For example, links are made with the monitoring of the condition of SSSIs and with water quality monitoring so that the effect of ES on these factors can be evaluated. Under the plan, an initial evaluation of ELS and Organic Entry Level Stewardship (OELS) has already been carried out. Based upon this, ES will be reviewed to ensure that the scheme is on track to deliver government and EU strategic objectives.

12.1.2.3 The English Woodland Grant Scheme

Axis 2 payments for forestry are administered under the English Woodland Grant Scheme (EWGS), which includes expenditure under the following measures:

- first afforestation of agricultural land (measure 221)
- first afforestation of non-agricultural land (measure 223)
- forest environment payments (measure 225)
- support for non-productive investments (measure 227).

Output indicators and targets

Measures 221 and 223

72. The indicators for these two measures will be almost identical, and hence they are treated together. In most cases it is the total activity under the two measures that will be the most useful data, and activity will only be apportioned to specific measures where appropriate (e.g. type of land).

73. Output indicators will be the number of beneficiaries and the total area afforested. The area will be split by:

- type of owner (farmer, personal, business, public, etc);
- with and without annual payments (for Measure 221 only);
- type of tree (conifer/broadleaved);
- planting year;
- previous land use (arable, grassland and unimproved)

Measure 225

74. The input indicator will be total expenditure under this Measure. Since payments are made at a flat rate, this will be directly related to the key output indicator, which will be total area receiving support (i.e. annual payments) under this measure. However, to avoid confusion arising from forest holdings that may or may not renew their 5-year agreements during the period of the Programme, the target is set on the basis of the average area on which annual payments were being paid, averaged over the 7-year life of the Programme. The second output indicator will be the number of beneficiaries under this measure. The third will be the output indicator based on total area within an approved management scheme.

Measure 227

75. Output indicators for this measure will include the total number of beneficiaries and the total area receiving the 'capital' payments under this Measure. Areas benefiting from particular types of grant will also be reported (e.g. Woodland Planning, Assessment and Improvement Grants).

Result indicators and targets

Measures 221 and 223

76. The overall objective of EWGS is to sustain and increase the public benefits from both existing and new woodlands. These public benefits include all the objectives listed in the monitoring framework, with the exception of avoiding land abandonment. To qualify for support under these measures any new woodland must meet minimum standards and secure these public benefits. Virtually all woodland created under these measures will therefore contribute to each of the listed objectives (biodiversity, water quality, climate change and soil quality). A sample assessment may be commissioned during the Programme period to assess the level of contribution to these and other public benefit objectives.

77. One overall result indicator will be the area afforested on which a second instalment of grant has been paid. This is paid after a minimum of 5 years and demonstrates satisfactory establishment (i.e. successful land management).

Measures 225 and 227

78. As with measures 221 and 223, the result indicators for these measures will be the extent to which land is being successfully managed in relation to biodiversity, water quality, climate change and soil quality. This will be based on assessment of a sample of projects carried out during the period of the programme

Additional result indicators

(a) Total area of woodland within an approved management scheme

79. This indicator will apply to all the forestry measures in the Programme. At its core, it will include the total area within EWGS. It will also include areas for which no payments are being made, and areas where it has been deemed appropriate for there to be no management activity.

80. The indicator could be widened to include areas under previous RDR schemes, and woodlands included in agri-environment schemes. It may be that other forms of approved management are developed and included in the indicator (e.g. certification or licensing). The exact scope will be determined by the availability of reliable data.

Measures 225 and 227

(b) Area of High Nature Value being conserved or improved

81. An additional result indicator will be established to record the area of high nature value forests being conserved or improved under measures 225 and 227. High nature value forests will be defined as all the woodland, which is either ancient or 'native' or both. Sub-sets of this will be the area of SSSI and the area of Natura 2000 sites on which these payments are being made.

12.1.3 Axis 3: Indicators and targets

Output indicators and targets

82. Output indicators for Axis 3 are founded on the CMEF indicators, with no current plans to include additional programme-specific ones.

83. The targets for each of the output indicators are provided in the annex to chapter 12. These targets are provisional - at this early stage in implementation of the Programme - since they depend significantly on the indicative amount of expenditure forecast for each measure within the Axis. The targets will be reviewed and, if necessary, amended in future revisions of the programme to reflect further refinement of regional priorities through Regional Implementation Plans and (of particular importance for Axis 3) the application of the Leader approach.

Result indicators

(a) Number of participants that successfully ended a training activity. Applies to:

- training and information for economic actors operating in the fields covered by Axis 3 (measure 331)
- a skills acquisition and animation measure with a view to preparing and implementing a local development strategy (Measure 341)

84. These measures potentially cover a number of forms of training and information exchange, from formal training leading to a qualification or certificate to informal diffusion of information through, for example, seminars and business clubs. The application of the measures will vary considerably across England, so although a record will be kept for monitoring purposes of the number of participants receiving a certificate, degree or diploma, no target will be set for the number of such qualifications expected.

85. Targeting will instead be focused on analysis of evaluation sheets completed immediately after the training finishes, backed up by selective examination of follow up activity through ongoing evaluation. This information will serve two purposes:

- providing a proxy for the indicator of success in applying skills in practice;
- allowing evaluators to assess the most successful forms of training for the client groups, thereby influencing future training support.

86. An additional output indicator will also be set to record the number of participants who successfully complete the training activity.

87. Going beyond this indicator of success, there is a need to analyse in more detail the relationship between skills acquisition and increases in productivity, both as it relates to support provided specifically under the RDPE and also more generally across the whole of the rural economy. Work on developing a suitable additional indicator and targets to measure the correlation between skills and productivity will form part of ongoing evaluation with a view to introducing such an indicator in future revisions of the Programme.

(b) Increase in non-agricultural gross value added in supported businesses. Applies to:

- diversification in to non-agricultural activities (311)
- business creation and development (312)
- encouragement of tourism activities (313)

88. This indicator needs to capture gross changes in GVA: a change in GVA over different years might be explained by other factors than the received support. However, as recognised in the guidance, GVA cannot be meaningfully measured at the individual holding or enterprise level. Data on average profit after taxes is available at holding or enterprise level and can be used as a suitable proxy for this indicator, calculated as follows:

the average profit after taxes of assisted holdings/enterprises = turnover - costs whereby:

- costs =
 - direct inputs: seed, plants, fertilizer, animal feed, energy, water, contract work, ...

- + overheads: maintenance and depreciation of buildings and machinery, insurances, other
 - + labour costs
 - + rent
 - + interest
- turnover = value of sales - bonuses given on sales - taxes on sales

89. Impacts on growth rates of the measure will be captured by comparing the evolution of this indicator over different years. Analysis also requires a comparator to assess the relative increase in profitability growth for holdings supported through the England programme against the whole of the sector.

90. Data for the indicator will be assembled using the method recommended in the CMEF handbook, that is, through the collection of information at periodic intervals on the gross profitability of the affected businesses. However, no target will be set for a specified average growth in profitability of enterprises supported under the England programme. Numerous factors may affect gross profitability, and indeed, it could be argued that businesses, which show significantly high rates of growth in profitability are least in need of public intervention. On the other hand, a potential mark of success for the results of public intervention could be considered a rate of profitability growth, which is at least equal to the average for similar businesses.

91. For these reasons, a target will be set for this indicator as follows:

Businesses supported under the Rural Development Programme for England show an increase in GVA (as measured by growth in profitability) which is equal to or greater than that in other similar businesses in England.

92. This indicator will feed through to the evaluation of whether support under the England programme has actually increased value added in the supported projects and into the related impact indicator for measuring net additional value added (see section 12.1.5 below).

- (c) Gross number of jobs created. Applies to:
- diversification into non-agricultural activities (311)
 - business creation and development (312)
 - encouragement of tourism activities (313)

93. Job creation under these measures will be recorded in line with the guidance provided in the CMEF handbook and divided by the categories suggested in the handbook.

94. The economic objectives of the England programme go beyond creation of jobs and include promoting a more productive rural economy with higher quality, better skilled (but not necessarily more numerous) job opportunities. Thus, the target set for number of jobs created under the Programme through measures 311 to 313 is very indicative and may be subject to changes as a result of actually implementing the Programme. It is not the intention that delivery bodies (including Leader groups) should distort their overall objectives for a more productive rural economy in order to meet the jobs target.

95. An alternative target for job creation will be used instead, measuring and recording the number of jobs actually created or sustained by supported businesses by comparison with the number of jobs expected to be created or sustained at the time of application for programme support. This will allow evaluators to assess the extent to

which commitments on job creation have been met in practice. The target has been set at 85%.of the initial commitment and will be measured on completion of the project.

(d) Additional number of tourist visits. Applies to:

- Encouragement of tourism activities (313)

96. CMEF guidance suggests that this indicator should measure the additional number of tourist visits in the rural area due to the supported investments. The indicator should also be broken down by:

- number of overnight stays;
- number of day visitors.

97. It is proposed to record this information both at the time of application for support and, where practical, on completion of the project.

98. However, the targets set for additional number of tourist visits resulting from RDPE intervention are intended to be indicative rather than understood as a specific goal of the intervention. It is not a primary objective of the Programme to increase the number of tourist visits in all cases, particularly as the development of sustainable tourism, focussing on limiting environmental impacts of visitor numbers, has been identified as a priority in a number of regions. As this is the case, the limited funds available for tourism under the England Programme would be ill spent on trying to increase tourist capacity.

99. It is recognised that tourism is an important sector in the economy of many rural areas. Further work is planned, therefore, on ensuring that evaluators are able to assess the impact of the England programme on local and regional tourism. Such work will focus on the added value obtained from the tourism measure in comparison with overall trends in rural tourism, as measured, for example, by the Tourism Survey. It will also seek to make a clear link between the impact of the Programme and UK objectives for sustainable tourism.

(e) Population in rural areas benefiting from improved services. Applies to:

- basic services for the economy and rural population (321)
- village renewal and development (322)
- conservation and upgrading of the rural heritage (323)

100. This indicator will be measured on the basis of the information provided on application for support under the relevant measures. The target for the number of people benefiting is indicative only and should not be considered as a specific goal of RDPE intervention. The criteria for support will be based primarily on need for a particular service or benefit rather the size of the target population.

(f) Increase in internet penetration in rural areas. Applies to:

- basic services for the economy and rural population (321)

101. In England, broadband internet penetration is effectively 100% for both rural and urban areas. Nevertheless, the England programme provides one among several opportunities for seeking to increase actual uptake of ICT in rural areas, particularly among businesses and community organisations. Further work is required to establish an additional indicator to measure the impact of the Programme on ICT uptake, but the

starting point for such an indicator is to record the output of expenditure under Axis 1 and 3 measures on projects specifically aimed at increasing ICT capacity.

12.1.4 Axis 4: Leader indicators and targets

102. Local Action Groups (LAGs) will be required to report on the outputs and results of the projects they support in a similar way to that used for reporting on Axes 1 and 3 as a whole. Given that most of the measures in these axes are quite broadly drawn, it is expected that the bulk of LAG expenditure on projects will fit within one or more of the measures. However, some will not, even though they legitimately tie in with the objectives of the axes. LAG reports will therefore need to include an “other” category to account for expenditure on projects which do not link directly to a specific measure, and include additional information (not necessarily quantitative) on the outcomes expected from such expenditure so that there is a complete picture of what the LAGs’ activities are contributing to.

103. Work is also underway to develop a set of (largely qualitative) indications of the extent to which the Leader approach has contributed to improved service provision, economic growth, and enhancement of the environment. This information will be provided on an annual basis but guided by the need to answer key evaluation questions, such as the extra benefits the Leader approach has brought to the areas concerned and the ways in which it has contributed to integration across the axes.

12.1.5 Impact indicators

104. Impact indicators for the England programme will be centred on the seven economic and environmental indicators provided in the CMEF. However, evaluators will be asked to give particular attention to the way these impacts are spread across priority areas for England as identified in Chapters 3 and 4 of this Programme. It will also be important to take account of impacts across axes, for example in the role that measure 111 can play in improving environmental management skills or the impact that diversification out of agriculture has on the overall sustainability of rural communities. A key issue for evaluators (but one where further work is required to define a monitoring strategy) is to assess the impact of various measures such as biomass supply chain development and the use of woodfuel on meeting the UK’s climate change objectives.

105. The following paragraphs consider each of the seven common impact indicators identified in the CMEF. Targets for these indicators are set out in the Annex to Chapter 12.

(a) Economic growth: measured as net additional value added expressed in Purchasing Power Standard (PPS)

106. Programme evaluators will assess the impact of the programme at the level of direct and indirect beneficiaries on the basis of output and result data, survey data and benchmark data, and coefficients from similar projects and past evaluations.

107. It is not expected that the sums of money available for projects under axes 1 and 3 will be enough to make a measurable difference to general trends. However, a target is proposed which compares the net effect of programme intervention on direct and indirect beneficiaries with overall levels of economic growth in similar businesses. Once the counterfactual is established, one would expect programme beneficiaries to experience faster growth by comparison.

(b) Employment creation: measured as net additional Full time Equivalent jobs created.

108. As noted earlier, job creation is not in itself a priority for the England programme. Instead, the emphasis is on increasing the variety and improving the quality of

employment opportunities in rural areas. No target has been set for this indicator, therefore, but evaluators will be tasked with assessing, from output and result indicators and through independent research, the extent to which this aim has been achieved.

(c) Labour productivity: measured as Change in Gross Value Added per Full time Equivalent (GVA/FTE)

109. As with the economic growth indicator discussed at (a) above, there is unlikely to be a measurable contribution to general trends as a result of intervention under Axes 1 and 3 of the England programme. However, evaluators will be asked to assess the net impact of the Programme on labour productivity by comparing data for beneficiaries with average growth rates.

(d) Reversing biodiversity decline: the change in trend in biodiversity decline as measured by farmland and woodland bird species population

110. The following farmland bird species will be monitored to measure against this indicator: tree sparrow, corn bunting, grey partridge, turtledove, reed bunting, starling, skylark, linnet, lapwing, yellowhammer, yellow wagtail, kestrel, goldfinch, greenfinch, wood pigeon, jackdaw, stock dove, whitethroat, barn owl, and rook.

111. The woodland bird population index will be used in addition to the farmland bird index. 33 woodland bird species are included in the index, 12 of which are woodland generalists and 21 are 'woodland specialists'.

112. The target for this indicator is to reverse the long-term decline by 2020. The figure will be updated annually based on the Common Bird Census and the Breeding Bird Survey. The impact of the programme on this indicator will be assessed qualitatively using sample-based monitoring and research. The indicator will also relate to the Goteborg target to reduce biodiversity decline by 2010.

(e) Maintenance of high nature value farming and forestry areas: changes in high nature value areas

113. The European Environment Agency (EEA), United Nations Environment Programme (UNEP) and the Joint Research Council (JRC) have led development to the point where a definition and methodology exists for High Nature Value Farming (HNVF) and a draft European map has been produced. Three main types of HNVF are identified: type 1 farms with a high proportion of semi-natural vegetation (often large upland areas); type 2 farms dominated by low intensity agriculture or a mosaic of semi-natural and cultivated land; and finally type 3 farmland that supports concentrations of rare or declining species. In a recent consultation on the approach the UK response was that the definition is one that we can adopt, but the methodology does not adequately identify low intensity agriculture or mosaics of semi-natural and cultivated land in lowland areas of the UK. A review process is underway to produce a further version of the European map, with input from member states to help refine the mapping of type 2.

114. For England, we have inventories of semi-natural habitats and can map those supported by agriculture to produce a more accurate layer of the type 1 HNVF. Similarly, we can use boundaries of our designated areas, particularly SPAs, to identify type 3 HNVF. It is the identification of type 2 land that needs further development. Data on the fine-scale landscape elements is available from national base mapping, but does not guarantee that these land parcels are of high nature value. The approach taken is based upon key species that are indicators of high nature value of land that relies upon agricultural management. The scope of such habitats has already been defined under the European methodology and can be related to the BAP priority habitat categories used in the United Kingdom. For each of these habitats there is a list of indicative species that are related to high biodiversity value and these indicative species are being

used to define high value areas within agricultural land. They include farmland birds, farmland butterflies, arable wild flowers, and selected mammals and insects associated with high biodiversity value farmed habitats.

115. This approach provides a transparent process that can be challenged at any point with respect to species included, criteria for selection, thresholds chosen to identify significant density. More importantly, it provides a mechanism to derive indicators of change. This is work in progress, as whilst comprehensive data coverage exists we are still negotiating access to the necessary resolution of data.

116. In the absence of a fully developed baseline, the area of Site of Special Scientific Interest (SSSI) in target condition will be used as an impact indicator. This will enable the impact of the intervention to be tracked on a high proportion of type 1 farmland and on at least some type 3 farmland.

117. A more refined indicator will be developed once the definition of the baseline indicator has stabilised.

118. For High Nature Value forests, the situation is somewhat simpler. The UK Biodiversity Action Plan identifies six types of native woodland that occur in England. A Habitat Action Plan has been produced for each of these, and they are listed as 'priority habitats' under the Countryside and Rights of Way Act. They are dominated by tree species that are considered native to England and are mostly semi-natural in origin, although all have been modified to a greater or lesser extent by management. Some but not all are ancient. Ancient woodland sites that have been converted to plantations are not classified as native woodland until they comprise over 80% native tree species, but they are considered of high value, and restoration to native woodland is a priority. For many indicators the area of native and the area of ancient woodland are therefore reported separately (they are overlapping and not mutually exclusive).

119. The total area of native woodland is estimated to be 550,000 ha (just over half the area of woodland in England). Woodland SSSIs are a subset of these (around 20% of the total). The contribution to conserving High Nature Value woodland will be monitored by reporting the area of new native woodland that is created under the Programme.

(f) Improvement in water quality: changes in gross nutrient balance

120. There is no pre-existing target for England for altering the Gross Nutrient Balance (GNB) and it is not felt appropriate to set a target for this indicator under the Rural Development Programme since it can be influenced by many factors outside the Programme's control.

121. However, recent research¹ predicted the change in GNB for the UK from 2004 to 2015, based on the 'business as usual' policy scenario. Various methodologies were used for calculating the GNB - using the OECD methodology the annual surplus of N was predicted to decrease by 20% by 2015 on 2004 levels and the annual surplus of P by 40%.

(g) Contribution to combating climate change: increase in production of renewable energy

122. For short rotation coppice estimates of the expected area of energy crops in England can be converted to a target of 41,000 Tonnes of Oil Equivalent (toe) per year of additional renewable energy by converting the calorific value and expected tonnage of biomass production into tonnes of oil. This target would not be fully realisable until three years after the end of the programme, when all crops planted had reached harvesting maturity.

¹ Catchment Sensitive Farming: National N and P Balances: Report for Defra - ADAS 2006

123. For establishment of miscanthus the expected area of planting can be converted to a target of 213,000 Tonnes of Oil Equivalent.

12.1.6 Additional impact indicators

(h) Contribution to combating climate change: carbon sequestration

124. The contribution of afforestation under the Programme to mitigating climate change will be indicated by estimating the net increase in carbon sequestration as a result of the area of woodland being created.

(i) Public access to woodlands

125. A new impact indicator is proposed which will assess the area of new woodland created under the Programme to which there is public access, and as a sub-set to this, the area within priority locations (for example, near centres of population).

(j) Creation of habitat networks through afforestation

126. A further indicator is proposed to record the proportion of the area of new woodland that is contributing to the creation of habitat networks. As well as a general benefit to biodiversity and ecosystem services at a landscape scale, this is a critical activity to help biodiversity adapt to climate change.

12.2 The envisaged composition of the Monitoring Committee

127. The implementation of the Rural Development Programme for England 2007-13 will be overseen by the Monitoring Committee.

128. The Monitoring Committee will be responsible for meeting the requirements of Articles 77 and 78 of Council Regulation 1698/2005.

129. The Monitoring Committee's membership will be in line with the partnership defined in Article 6(1) of Council Regulation 1698/2005. This means the membership will be widely drawn and include representatives of regional government, local authorities, and bodies having relevant statutory responsibilities. There will also be representation from organizations with an economic, community, and social remit as well as those representing environmental organizations. Defra, in its role as the Programme's Managing Authority, will chair the Committee.

130. The current membership of the Monitoring Committee includes representatives from:

- Action with Communities in Rural England
- Commission for Rural Communities
- Country Land and Business Association
- Defra (Chair)
- Environment Agency
- English Heritage
- English National Parks Authorities Association
- Food and Drink Federation
- Forestry Commission
- Government Offices for the Regions
- Heritage Link
- Local Authorities
- National Farmers Union
- Natural England
- Regional Development Agencies
- Chair of the Regional Rural Affairs Forums
- Royal Society for the Protection of Birds
- Wildlife and Countryside Link

131. It is envisaged that this membership will evolve over the lifetime of the Programme.

132. The first meeting of the Monitoring Committee was held on 6 June 2007. The papers and minutes of Monitoring Committee meetings are available on Defra's internet site at <http://www.defra.gov.uk/rural/rdpe/committee.htm>.