

The Andersons Centre – Latest News Update

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DEFRA Cuts to Hit RDPE Schemes

We recently reported on the £162m cut to DEFRA's budget for 2010-11. This reduction is before any further cuts arising from the spending plans announced in the Budget which apply to future years. It seems the relatively small initial cuts are already filtering down into spending programmes.

Natural England (NE) has announced the Rural Development Plan for England (RDPE) budget will be cut this year, although it has not stated by how much. According to NE, existing commitments for agreements and capital works will not be affected, but it has said there will be a 'significant' reduction in the number of new in-year capital works it will be able to fund. *This means that only those projects which offer the best environmental gains will be funded.* NE has said it will have a better picture of what will be available for new capital works later in the year when budget priorities will be known. Natural England is keen to stress new HLS agreements and capital works are still being offered.

It seems rather ironic to now be talking about a budget cut when only a couple of months ago the headlines were that DEFRA and its various agencies were struggling to spend the funds available under the RDPE. To be honest, we have always found the funding of the RDPE to be incredibly opaque, with funding coming from a number of different sources, and lots of spending programmes with their own budgets and rules.

It is likely that these cuts in capital programmes are as a result of reductions in the direct grant from DEFRA, rather than changes in the level of matched-funding for EU money. However, we can confirm that DEFRA has been given permission by the EU Commission to reduce the level of match-funding. The rate of Exchequer co-financing used to match the funds produced by Voluntary Modulation has been reduced from 60:40 EU:UK to 75:25. The exchange rate assumption used for Programme budgeting has also been amended from €1 = £0.685 to €1 = £0.80. The amendment will allow for savings to the Treasury, but DEFRA has said it will **not** reduce the amount in Sterling terms available to the RDPE or result in any changes to those taking part in RDPE schemes.

For further information on RDPE Schemes, please contact us

ANDERSONS

THE ANDERSONS CENTRE

Old Bell House
2 Nottingham Street
Melton Mowbray
Leicestershire
LE13 1NW

01664 503 200

enquiries@theandersonscentre.co.uk

www.theandersonscentre.co.uk