

# Cash Flow loan scheme 2015-16

**This is an old version of the page**

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## What is the Cash Flow Loan Scheme?

The Cash Flow Loan Scheme provides an interest-free loan for farmers and crofters who have not yet received a first instalment payment – for the Basic Payment Scheme and Greening – for the 2015 scheme year and cannot access support from their bank. The scheme has been designed in consultation with Scotland's banks and industry representatives to enable more farmers and crofters to access loans, if required, whilst waiting for their payments.

Where a farmer or crofter needs a loan to ease cash flow pressures, their first port of call must be their bank but if the bank declines to offer support they will then be able to apply to the Scottish Government scheme. The maximum amount loaned by the Scottish Government will be the lesser of £20,000 or 60 per cent of a farmer's or crofter's indicative entitlement value.

## Legal base

The legal base for the Cash Flow Loan Scheme is The Small Landholders (Scotland) Act 1911, sections 4 and 6.

## Who can apply?

Farmers and crofters who have not yet received a first instalment payment and cannot access support from their bank are eligible to apply.

All farmers and crofters who need a loan and have not yet contacted their bank are encouraged to do so. They should work with their usual bank contact or relationship manager.

Banks will apply their standard business rules and seek to make a normal commercial loan. Several banks have already announced they are waiving set-up fees for this type of facility. Commercial interest rates will apply. Banks expect that the majority of farmers and crofters who need funding will be able to secure it.

There may be a number for whom commercial lending is not available. For example, they may lack collateral or be a new entrant to the industry. Banks are regulated and are required to put reasons for declining any loan in writing. In such cases, the farmer or crofter, on the evidence of their bank's 'decline' letter, can apply for a backstop loan from the Scottish Government.

## What can you apply for?

The Scottish Government has earmarked up to £20 million to support this new scheme. Those who have been declined by their bank, and who require a loan from the Scottish Government, may borrow up to £20,000 or 60 per cent of their indicative entitlement value (whichever is the lower).

Once the applicant's initial basic payment has been authorised, the loaned amount will be deducted from it and the remainder paid in to the bank account provided. It is essential that the bank account provided in the application is the same as the one saved on the Rural Payments and Services website.

## State aid

Under state aid rules, de minimis payments cannot exceed €15,000 over a three-year rolling period. Therefore, the applicant needs to declare what state aid benefits they have received since April 2013.

The Scottish Government loan will be free of charges. The interest rate for the loan is 11.04 per cent (based on the state aid proxy for market rates calculation). The Scottish Government will cover this interest payment and this additional benefit represents state aid to the applicant's business. The applicant will receive a written calculation from the Scottish Government relating to this additional benefit they received and will be responsible for retaining this record and including this aid in future relevant notifications.

## How to apply

If you are yet to receive your initial basic payment and have been unsuccessful in applying for a loan from your bank under normal commercial terms, you should fill in the application form.

The form can be downloaded [here](#).

PF26 - Cash Flow Loan Scheme - application form - **(form no longer available as this scheme is closed)**

Paper copies are also available from your local RPID area office.

You must send the letter from your bank declining further support with your application form. The letter must be dated on or after 1 January, 2016.

The completed form and letter can be emailed to [CFLS@gov.scot](mailto:CFLS@gov.scot) or faxed to 0300 244 9194. This will help us start to process your application more quickly.

You must also post a signed paper copy of the form and the bank's letter to:

Cash Flow Loan Scheme

RPID

P1 Spur

Saughton House

Broomhouse Drive

Edinburgh EH11 3XD

- When you complete your form:
- complete all the required and relevant sections of the form in full – otherwise it may delay the processing of your application
  - the electronic application form is not an online application; it should be downloaded and saved to your computer, and once completed submitted with the necessary supporting information

## Further information

If you have any questions about eligibility or completing the application form you can email [CFLS@gov.scot](mailto:CFLS@gov.scot) or call the Entitlements and Payments Helpline on 0300 300 2222.

Lines are open from 8.30am to 4.30pm on both Saturday, 20 and Sunday, 21 February, and from 8.30am to 5pm on Mondays to Thursdays and from 8.30am to 4.30pm on Fridays thereafter.

RSABI is a Scottish charity that provides support to farmers and crofters in times of crisis and hardship. Support can be accessed through the RSABI Helpline on 0300 111 4166 or by emailing [rsabi@rsabi.org.uk](mailto:rsabi@rsabi.org.uk)

RSABI encourages any farmer or crofter in need of assistance to talk to the RSABI Helpline.