Rural Development: New Entrants Start-Up Grant Scheme full guidance

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Purpose

Scottish farming needs to attract a steady flow of new entrants.

The average age of farmers in Scotland is increasing and there are not enough opportunities to attract the numbers of new entrant farmers that the industry needs. This is a problem across the whole of Europe.

It is a priority for the Scottish Government to support a new generation of farmers in agriculture. Providing support for businesses in the critical early stages will make it easier for new entrants to access development capital.

This grant scheme aims to contribute towards an increase in the number of entrepreneurs who farm and build profitable, innovative businesses which respond to the industry's changing economic environment.

Scope

New Entrants Start-Up Grant Scheme support is aimed at helping farmers or crofters. The grant is linked to the delivery of your business plan objectives and must be central to core agricultural activities. For example, the grant may be used for the acquisition of land or livestock.

- farmers or crofters who have **started** within 12 months prior to application submission can apply for this scheme. There is no upper age restriction. However, you must be aged 16 years or over at the point of application
- you must have a minimum of three hectares of land

- you must demonstrate estimated standard outputs at the point of application in the range €600 to €9,999 using the Standard Output Ready Reckoner (see 'Standard outputs' section below)

Standard outputs

Access to grant will be based on your standard output.

Standard outputs are representative of the level of output that could be expected on the average farm under 'normal' conditions (i.e. no disease outbreaks or adverse weather).

Standard outputs measure the total value of output of any one enterprise – per head for livestock and per hectare for crops.

For crops this will be the main product (e.g. wheat, barley, peas) plus any by-product that is sold, for example straw. For livestock it will be the value of the main product (e.g. milk, eggs, lamb, pork) plus the value of any secondary product (e.g. calf, wool) minus the cost of replacement.

No subsidies or costs are taken into account.

To establish the standard output for your business we have provided an easy-to-use Standard Output Ready Reckoner.

Standard Output Ready Reckoner (MS Excel, Size: 17.2 kB)
doc_external_url: https://www.ruralpayments.org/media/resources/Ready-Reckoner-October-2015.xlsx

These figures cover most agricultural operations. However, it is possible that your business or proposed business activities are not covered in the Ready Reckoner.

If this is the case we can determine standard output figures from comparable activities. However, you will need to contact your local area office to request these figures.

Amount of grant

The grant is €15,000. This will be paid in GBP sterling at the appropriate exchange rate.

Support will be in the form of two payments:

- an initial payment of €12,000. This will be paid in GBP sterling at the appropriate exchange rate
- a second instalment of €3,000. This will be paid in GBP sterling at the appropriate exchange rate. This is payable on reaching the milestones laid down in your business plan

The maximum period between the payments is four years.

Business eligibility

In addition to the above individual eligibility, your business must also meet the following criteria:

- if the business is a partnership, the new entrant(s) must individually hold a minimum of 25 per cent of the capital of the business
- if one or more new entrants is in partnership with other partners who do not qualify as new entrants, there must be a legal agreement which demonstrates that the new entrants have control of the business as regards day-to-day management, financial planning and long-term business strategy
- the legal agreement must specify that partners who are not new entrants cannot exercise control of the business against the wishes of the new entrants
- where the business is a company and the controlling majority is held by more than one new entrant, there must be a legal agreement that they will vote together to ensure they cannot be out-voted by other shareholders who do not qualify as new entrants
- the business must comply with the definition of an active farmer under Article 9 of Regulation (EU) No 1307/2013 within 18 months from the date from which it was set up
- to be able to apply, the business must be registered with the Rural Payments and Inspections Division (RPID)

Eligible costs are those linked to the delivery of your business plan objectives and must be central to core agricultural activities.

How to apply

Applications can be made to any RPID area office. You can check contact details for your nearest office below.

Contact us

There will be two windows for applications each calendar year:

- between 1 January and 30 April
- between 1 July and 31 October

Note that in 2015, however, there will be one application window that closes on 30 September.

Applications will be considered by our staff and approval of applications will be made by Principal Agricultural Officers.

Application form

The application form is a simple document which provides the details of:

- your business or business proposal
- the Standard Output figure. You should demonstrate how the figure has been calculated using the ready reckoner
- members of your business
- a short summary of the business plan
- any relevant declarations and undertakings which must be made

We will also require the following supporting information with your application form:

- a copy of your business development plan. This must:
  - describe the current financial and physical position of the business as well as future cash-flow projections
  - if intended expenditure exceeds the grant, explain how the other necessary finance will be raised
  - set milestones to show how the business will develop over the next five years
  - specify what investments or costs the start-up grant will support and, if applicable, what any other financial support is intended to be used for
  - provide details of any training to be undertaken
  - provide details of steps that will be taken to meet environmental, climate change and resource efficiency requirements. Your business must undertake to comply with animal health and welfare legislation and with Cross Compliance requirements (Statutory Management Requirements and Good Agricultural and Environmental Conditions)
- evidence to confirm control of the business if the new entrant is not a sole trader. This will be a copy of partnership agreement or other legal agreement
- if the business is a company, then evidence of shareholding at the point of application must be supplied

New Entrants Start-Up grant scheme application form (PF09/b)

Selection criteria

The funds available for this scheme are limited and it may not be possible to approve all eligible applications.

If this is the case, preference will be shown to those businesses that are not succession cases. This is because these are likely to have restricted access to alternative private funding and have less capital assets or infrastructure than those established businesses which have been trading for a considerable time.

Other factors that we will also consider are:

- the composition and make-up of the business in terms of its membership and the governance arrangements in place to ensure the smooth running of the business
- whether any additional investment is to be made without public support
- the effect of the investment on the physical agricultural output and labour requirement of the business
- the sector of agriculture to which the business belongs

Approval and contract

If your application is approved you will be notified and a contract will be sent to you which you must sign and return to us.

Claim and payments procedure

After you have signed and returned your contract and you are ready to purchase materials and services detailed in the business plan in your approved contract you should submit a claim requesting the first instalment of your grant.

This claim must confirm what the grant will be used for.

Payment will be made following any inspection or administrative checks that may be required. You will receive payment in sterling by BACS into your nominated bank account within three months of the receipt of the claim.

A further claim for the second instalment of your grant can be submitted once the milestones laid down in your business plan have been reached.

Your business plan will be reviewed by us within four years of the acceptance of the contract. This review will compare progress against your business plan and consider any discrepancy.

Where your business plan has not been followed or progress is not satisfactory, we may withhold your remaining payment and require repayment of part or all of the claim already paid.

If the progress with your business plan is acceptable, this final payment will be made.

New Entrants Start-Up grant scheme claim form (PF09/b1)

Verification and control

You will be asked to provide evidence of progress with the plan and also control of the business periodically during the duration of the five years after acceptance of the contract.

Your claim will also be subject to our inspections procedure. This means that your farm or croft may be visited to confirm the expenditure made.

You may also be visited during the period of your five year plan to assess delivery of the plan against specific milestones and to confirm that the applicant is still in control of the business.

Legal base

- Regulation (EU) No 1303/2013 of the European Parliament and of the Council laying down common provisions on (inter alia) the European Agricultural Fund for Rural Development
- Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development
- Commission Delegated Regulation (EU) No 807/2014 (supplementing Regulation (EU) No 1305/2013)
- Commission Implementing Regulation (EU) No 808/2014 (laying down rules for the application of Regulation (EU) No 1305/2013)
- Regulation (EU) No 1306/2013 of the European Parliament and of the Council on the financing, management and monitoring of the Common Agricultural Policy
- Commission Delegated Regulation (EU) No 640/2014 (supplementing Regulation (EU) No 1306/2013) with regard to the integrated administration and control system and conditions for the refusal of payments and administrative penalties applicable to direct payments, rural development support and cross compliance

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- Regulation (EU) No 1307/2013 of the European Parliament and of the Council establishing rules for direct payments
- Commission Delegated Regulation (EU) No 639/2014 (supplementing Regulation (EU) No 1307/2013) as amended from time-to-time

Applying for other assistance

Scottish Rural Development Programme

Your business may be able to access other grant schemes under the Scottish Rural Development Programme.

Your business plan will help provide a basis for access to these other schemes, although additional information may be required and the proposal will be considered competitively with other applications.

Where appropriate, you may also be able to benefit from the higher grant rates allowed to young farmers.

However, you cannot receive grant funding for the same costs from separate schemes.

For example, if your business plan relates to the construction of a shed and you receive a New Entrants Capital Grant, which provides 60 per cent of the costs, you cannot use this scheme to provide the other 40 per cent of the costs.

If you apply to this scheme you may also apply for any of the capital grants, provided you are eligible.

Capital grant schemes funded through the Scottish Rural Development Programme which may be appropriate are:

- Crofting Agricultural Grant Scheme
- New Entrant Capital Grant Scheme
- Small Farms Grant Scheme

When applying for funding from more than one scheme, there will be different eligibility requirements regarding the business establishment dates.

Whole Farm Review scheme

Your business may also qualify for funding under the Whole Farm Review Scheme 2015.

Whole Farm Review Scheme

Recent changes

Section	Change	Previous text	New text
Scope	Minor amend to the scope of the scheme	you must have a minimum of three hectares of land	you must have a minimum of three hectares of land which is eligible under Basic Payment Scheme. You must make sure (and be able to provide evidence) that you will have the use of land for at least the duration of the five-year business plan

Previous versions

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