

COVER PAGE

IMPORTANT: Administrative Changes from September 2025

The Fruit and Vegetable Aid Scheme (FVAS) in Scotland will cease being delivered by the Rural Payments Agency (RPA) on behalf of the Scottish Ministers for Operational Programmes approved for the 2026 scheme year onwards.

The administration of the Scheme in Scotland instead **transfers** to the Scottish Governments Rural Payments and Inspections Division (RPID).

However, the responsibility for Producer Organisation recognition and monitoring will remain with the RPA.

In simple terms this means that:

- RPID will start to administer the Scheme from September 2025 when applications for new operational programmes (FV3 form and supporting documents) are due to be submitted and approved for the 2026 scheme year.
- RPID will then be responsible for all applications, amendments and claims for the 2026 scheme year onwards.
- Scheme forms (**excluding** those relating to Producer Organisation (PO) recognition) have been updated to reflect the switch from RPA to SGRPID including contact details to be used.
- Any administration regarding 2025 scheme year and previous scheme years will continue to be dealt with by the RPA.
- Responsibility for Producer Organisation (PO) recognition and monitoring will remain with the RPA.
- Recognition forms (e.g. FV1) remain in use.

The Fruit and Vegetable Aid Scheme Guidance Notes (FVSG1) overleaf is unchanged. However, as it makes scheme administrative reference to RPA there has been page header reminders added to check this notice page to ensure cover of the changes from September 2025.

The Devolved Administration in Scotland is the Scottish Government. Since leaving the EU, FVAS in Scotland has been funded by the Scottish Government.

The UK National Strategy for Sustainable Operational Programmes is unaffected.

If you have any queries re the scheme, please contact us: FVAS@gov.scot.

**Fruit
and
Vegetables
Aid Scheme
Guide**

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Introduction

This guide outlines how organisations can become a recognised Producer Organisation (PO) under the Fresh Fruit and Vegetables Aid Scheme under retained EU Law.

It also explains how recognised POs apply for operational programmes, and how you'll be paid for these programmes.

The principal Regulations and domestic legislation governing the scheme are:

- Regulation (EUR) No 2013/1308 laying down and establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation).
- Statutory instrument No. 2019/821
- Statutory instrument No. 2019/828
- Statutory instrument No. 2019/831
- Statutory Instrument No. 2020/1422
- Statutory Instrument No. 2020/1453
- Regulation (EUR) No 2017/891 and 2017/892 laying down detailed rules for the application of Regulation (EUR) No 2013/1308 in respect of the fruit and vegetables and processed fruit and vegetables sectors.
- Statutory instrument No.2021/756
- Statutory instrument No.2020/1446
- Regulation (EUR) No 2006/1828] (<http://www.legislation.gov.uk>) detailing the specific eligibility rules for operational programmes. The Conditions of Operational Programmes section of this guidance provides details about the requirements of this regulation.
- [The Common Agricultural Policy \(Protection of Community Arrangements\) Regulations 2014 \(SI 2014 No 3263\)](#) providing details on the protection of Community arrangements under CAP.

The arrangements set out in this guide apply to all recognised POs and approved operational programmes.

This is not an exhaustive list of the entire scheme rules and criteria, as it is impossible to cover all areas of the scheme in depth. The full rules and criteria are set out in the above regulations.

The rules and obligations described in this guide arise from the Regulations that are binding in the United Kingdom. The Regulations are subject to alterations. Whilst every effort is made to ensure that the information given is complete and accurate, this cannot be guaranteed. Delays can occur both in publication and in the issue of amendments to guides. Where doubt arises on legal interpretation, advice should be sought from lawyers.

It is your responsibility to make sure that all documents are signed, submitted and received by the RPA by the required deadlines, which are set in the regulations. You can find the key dates and deadlines in the Operational programmes and the Operational Fund section.

We can only ensure compliance with the regulations if we have evidence that we've received your documents.

If you need a copy of any of the forms referred to in this manual, contact the RPA using the contact details in Annex 3.

How RPA will use and share your information

The Department for Environment, Food and Rural Affairs (Defra) is the data controller for personal data you give to the Rural Payments Agency (RPA). For information on how we handle personal data search for '[Rural Payments Agency Personal Information Charter](#)' on GOV.UK.

For data shared with The Scottish Government (SGRPID) we take our responsibilities for the way we store, secure and use your personal information seriously, and always seek to respect your privacy and to meet our legal obligations. These obligations include the UK General Data Protection Regulation, the UK Data Protection Act 2018, and other regulations and legislation relating to privacy and communications. To see details on how we use your information and who we share your information with, please see our privacy policy located at: <https://www.ruralpayments.org/privacy-policy>

Responsibilities

Only recognised POs or recognised Associations of Producer Organisations (APOs) can be paid under the scheme.

A PO is an organisation of fruit and/or vegetable growers recognised under [Regulation \(EUR\) No 2013/1308](#) and [Commission Delegated Regulation \(EUR\) No. 2017/891](#) and [Commission Implementing Regulation \(EUR\) No. 2017/892](#).

The RPA, in collaboration with the Devolved Administration, is responsible for recognising POs and APOs into the Fresh Fruit and Vegetables Aid Scheme.

When we approve recognition, we will let you know. Once recognised, you must register with the RPA by contacting RPA Customer Contact Centre on 03000 200 301.

Retention of records

You must keep records (including accounting documents) for 5 years, including those for:

- Concentration of supply and placing on the market, and
- Outsourcing

These will be checked during inspections.

Recognition: General criteria

To become recognised under this scheme, your PO must:

- be legally established and be registered with Companies House
- the PO must have its head office located in the constituent nation where the majority of the VMP is calculated or, where the majority of members are located. The head office cannot be moved until the end operational programme currently in force.
- have at least 5 grower members, all of whom are separate legal entities
- have an annual turnover of €1 million (in terms of marketable production) - for POs recognised exclusively for mushrooms or nuts, this is €250,000
- be formed on the initiative of farmers who are growers of one or more products listed below and/or of such products intended solely for processing
- use environmentally sound cultivation practices, production techniques and waste management practices, in particular to protect the quality of water, soil and landscape, and preserve or encourage biodiversity

It must have one or more of the following objectives:

- planning of production
- improvement of product quality
- boosting the commercial value of products
- promotion of the products, whether in a fresh or processed form
- environmental measures and methods of production respecting the environment, including organic farming;
- crisis prevention and management
- the specific requirements detailed in the How to apply for recognition section are provided for in its articles of association

Products covered by the scheme

This list is not exhaustive. You can check if other products are eligible in Annex I of the [regulation EUR No. 2013/1308](#).

If you don't know the Combined Nomenclature (CN) code, you can contact the Customs helpline (telephone 0300 200 3700), give them a description of the product, and they will tell you the appropriate CN code.

- tomatoes, fresh or chilled
- onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled
- cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas, fresh or chilled
- lettuce (*Lactuca sativa*) and chicory (*Cichorium* spp.), fresh or chilled
- carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots, fresh or chilled
- cucumbers and gherkins, fresh or chilled
- leguminous vegetables, shelled or unshelled, fresh or chilled
- other vegetables, fresh or chilled, excluding vegetables of subheadings 0709 6091, 0709 6095, 0709 6099, 0709 9031, 0709 9039 and 0709 9060
- other nuts, fresh or dried, whether or not shelled or peeled, excluding areca (or betel) and cola nuts falling within subheading 0802 9020
- fresh plantains
- dried plantains
- figs, fresh
- pineapples
- avocados
- guavas, mangos and mangosteens
- citrus fruit, fresh or dried
- fresh table grapes
- melons (including watermelons) and pawpaws (papayas), fresh
- apples, pears and quinces, fresh
- apricots, cherries, peaches (including nectarines), plums and sloes, fresh
- other fruit, fresh
- mixtures exclusively of dried nuts of CN codes 0801 and 0802
- saffron
- thyme, fresh or chilled
- basil, melissa, mint, *origanum vulgare* (oregano/wild marjoram), rosemary, sage, fresh or chilled
- locust (or carob) beans

Other criteria for recognition

In addition to the basic criteria, your PO must also control the following activities.

Marketing

Your PO must have full control of its members' produce at all times, promote collective marketing, enable its members to target a variety of customers, and encourage an overall concentration of supply within the PO. It should always aim to be visible to suppliers.

Provision of facilities

Provision covers four key areas – collecting, storing, packaging and marketing. All four areas must be controlled for, or on behalf of, members. The only allowed exceptions would be where a particular element is deemed not necessary to that sector's normal operations, for example:

- provision of storage facilities in the pea vining sector
- provision of packaging/packing facilities in the pea vining sector

You must either provide actual facilities/services or arrange for them to be provided to all the PO's members, including future members.

Invoicing

POs must have a centralised bookkeeping system and a centralised system of invoicing.

Size of individual members

We will check to make sure that no single member is in a position where they can exercise undue control over the management and operation of the PO.

Democratic accountability and voting rights

POs should have a policy of 'one member, one vote' for all decisions affecting the PO to make sure there is no undue dominance.

Exceptionally, where a PO has more than ten members, voting rights for individual members may be set up to a maximum of 10% with the remaining votes shared between other members. For example, this may happen where individual voting rights are weighted. If you intend to do this, you must ask the RPA for approval.

Controls need to be in place to make sure that there is no abuse of power. Members must always be able to exercise control within their organisation. This also includes the election of board members/directors, and must be recorded in the members' Agreements and Producer Articles of Association.

Shareholdings

Shareholding in a PO should be limited to 20% with an overall shareholding across the PO of no more than 49%. This means that no individual should have a shareholding of more than 20% in the PO itself.

If the same member also has shares in other PO members, this could have the effect of increasing their overall control in the PO, with the potential for abuse of power. In these cases, both PO and member shares should be added to make sure that no individual member has an interest in the PO of more than 49%. The PO must make sure that the shareholding arrangements between members, the PO and other PO members do not result in any abuse of power.

Control

POs must be controlled by the producer members. Non-grower members may have voting rights within a PO, but no more than one vote each. If the total number of non-growers represents 20% or more of the PO membership, then the voting power of non-growers must be further limited.

Concentration of Supply

POs must carry out 'placing on the market'. If you outsource this function, you remain responsible for it and must manage the contract between the PO and the service provider.

This includes:

- decisions on the product to be sold
- the choice of distribution channel
- negotiating the sale and price, unless the sale is carried out by auction

You must keep records (including accounting documents) for 5 years. These will be checked during inspections. Records must demonstrate how the PO has concentrated supply and placed members' products on the market.

Outsourcing

Under certain circumstances, recognised POs may outsource their activities. You must get RPA's permission to do this by providing sufficient evidence that outsourcing the activity is an appropriate way to achieve the objectives of the PO.

You must have written contracts in place for all outsourced arrangements for main activities (for example, collecting, sorting, storing, and packaging and marketing members' produce). This includes arrangements for activities carried out by

individual members for the PO, including activities under shared facilities agreements. RPA must also have a copy of this.

All outsourcing contracts must include:

- provisions which allow you to issue binding instructions on the activity to be carried out by the service provider
- detailed terms and conditions, including reporting obligations and deadlines so that you can assess the performance of the service provider
- a clause which allows you to end the contract if the service provider does not meet the terms and conditions of the contract

You are responsible for managing the contract and making sure that the outsourced activities are carried out. This includes evaluating the performance of the service providers and taking action to address any failings in the level of service provided.

We will check for evidence of regular contact with the PO's marketing agents, ongoing evaluation and review of the service providers to show how the contract has been managed on an ongoing basis. You must keep records (including accounting documents) for 5 years and provide these as part of our checks.

If the activity is carried out by a subsidiary of the PO, and the PO owns at least 90% of the shares or capital in that subsidiary, this is not considered outsourcing and a written commercial agreement is not required.

PO members that belong to more than one PO

Members with several different holdings can be a member of a separate PO for each holding. Members who wish to do this must discuss membership issues with their PO. You must let the RPA know if your PO's members belong to more than one PO.

Exceptions to the 100% marketing commitment

Members of a PO must market the entirety of the products for which they are recognised through the PO. However, producer members may market production outside the PO, provided the PO gives permission and the members follow its conditions. This must not exceed a total combined limit of 25% of their total production, calculated by volume, as follows:

- sales of eligible crops directly onto consumers for their personal needs
- market quantities of products that are marginal in relation to the volumes marketable by their PO
- market through another PO designated by their own organisation products which, because of their characteristics, are not normally covered by the commercial activities of their own organisation

Buying in produce

You may buy in no more than 50% of your produce from other sources. However, produce bought in from another recognised PO does not count towards this limit. Any produce bought in won't be counted towards a PO's marketed production, although it can be counted towards the marketed production of the exporting PO, if applicable.

How to apply for recognition

To apply for recognition for your PO, fill in application form FV1.

You will also need to provide evidence which shows:

- the PO is a legal entity, formed on the growers' initiative
- which crops the PO will be recognised for
- democratic accountability of the PO in relation to voting rights and shareholding arrangements

The PO's membership agreement must include the following aims:

- Ensure production is planned and adjusted to demand, particularly in terms of quality and quantity
- Promote concentration of supply and place members' production on the market
- Reduce production costs and stabilise producer prices
- Promote the use of cultivation practices, production techniques and environmentally sound waste management practices, in particular to protect the quality of water, soil and landscape and preserve and/or encourage biodiversity

You must provide evidence of articles of association which require member producers to apply the rules adopted by the PO. Members must:

- belong to only one PO per holding per product category
- market their entire production through the PO
- provide any statistical information requested by the PO
- pay the financial contribution to establish an operational fund

The articles of association or membership agreement must have a process for:

- determining, adopting and amending the rules of the PO
- financial contributions from members, if needed to finance the PO
- the PO's democratic accountability to its members

- non-producer members to be entitled to voting rights
- penalties for breaking the PO's rules, especially non-payment of financial contributions
- admitting new members
- minimum membership periods, which must be at least one year, but this may be extended to the length of the operational programme
- members' resignation, which must be notified to the PO in writing no later than 30 September, to take effect on 1 January of the following year - you must give RPA at least three months' notice.
- accounting and budgeting necessary for the operation of the organisation
- action to be taken in the event of circumstances beyond the control of the PO (force majeure);
- recoveries of investments, if a member leaves the PO group - RPA will recover aid paid on the item, taking into account the write-down period where applicable

You must also provide sufficient evidence that the PO can carry out its activities properly and effectively, allowing its members to get technical assistance to use environmentally sound cultivation practices.

Timetable

Applications for recognition can be submitted throughout the year and at the latest 15 August to be recognised for the following calendar year.

We will let you know if your PO has been approved no later than four months from the date when all relevant information was received.

PO mergers

If you're considering merging your PO, you should discuss with RPA and the relevant Devolved Administration.

Points to consider

You should consider the following points:

- if the merged PO is still viable - the essence of the PO should not be affected by any restructuring
- the effective date of the new PO
- when membership agreements with the old POs will end and when the new agreements will begin

- who owns PO assets after the merger (any capital items which have been paid for must be transferred to the merged group).

We may recover aid on any capital funded items which are removed by the merged PO.

Before a merger can take place, members will need to be consulted and agree to the merger. This can be done at an AGM, EGM or via correspondence.

If members agree to the merger, you will need to agree:

- the legal status of the newly merged PO
- new articles of association, rules and members' agreements

Applying for recognition

You will need to re-apply for recognition for the newly merged group.

You will need to prove that the newly merged PO will be viable and supply the following supporting documents:

- evidence of members' approval of the merge - this can be a copy of the minutes of an AGM or EGM, or if members have been consulted in writing, copies of their replies
- a list of assets of the individual POs

Application deadline for merged POs

You can apply at any time during the calendar year. However, if your PO has an existing operational programme, you'll need to apply by 15 August if you want to be recognised and start a merged operational programme by 1 January of the following year.

You should request the merger of the operational programmes through an in-year amendment, in accordance with Article 15 of Regulation (EUR) No 2017/891.

If POs are merged, you may be able to continue with the individual operational programmes until they are completed. You should write to the RPA/Devolved Administration with your proposals, which will be handled on a case by case basis.

Costs associated with mergers

Legal and administrative costs incurred through mergers or acquisitions of POs through the operational programme will be eligible for aid. They will be paid

as part of the costs incurred under the programme, up to the limit of 4.1% of the marketed production.

Feasibility studies and proposals for mergers by a PO will also be eligible for funding. You will need to provide full documentation that clearly relates to the proposed merger. Please contact the RPA for further information.

Association of Producer Organisations (APO)

An APO is an umbrella body acting for two or more recognised POs. It must be a separate legal entity or a clearly defined part of a legal entity.

It can establish, submit and implement an entire or partial operational programme on behalf of its member POs. It's also responsible for making claims and receiving aid payment on behalf of its member POs.

If the member POs wish to submit their own individual operational programmes, the APO will be responsible for the co-ordination and running of measures or investments which are common to two or more POs. In this case the POs must maintain their own operational funds. If the RPA or relevant Devolved Administration agree, an APO which chooses this option may also submit its own operational programme on application form FV3.

The APO programme may include measures identified, but not implemented, by its member POs within their operational programmes.

It can carry out any of the activities of a PO.

The 50% contribution to funding the measures to be carried out by the APO should be fully financed by member POs, paid out of their operational funds. However, contributions may also be made by non-PO members, proportional to those of PO members.

In addition, the measures and amount of financial participation should be listed in the operational programme of each participating PO.

Specific recognition criteria for APOs

Location of APO Head Office

The APO must have its head office located in the constituent nation where the majority of the VMP is calculated or, where the majority of members are located. The head office cannot be moved until the end operational programme currently in force.

Minimum length of membership

If a PO wishes to be a member of an APO, this must be for at least one year. The agreed minimum period must be included in the APO membership agreement.

Minimum period for notice of resignation

APO members must provide at least three months' notice of their intention to leave the organisation. This must be given to the APO in writing no later than 30 September, to take effect on 1 January of the following year. The agreed minimum notice period must be included in the APO membership agreement.

APO composition

An APO should include at least two individual recognised PO members.

Democratic accountability

APOs should have a policy of 'one PO, one vote' for all decisions affecting the APO to make sure there is no undue dominance, including electing board members and directors. POs must have control over their APO.

You must record arrangements in the members' Agreements and Articles of Association.

Non-PO members

An APO can have members that are not recognised POs, but they must not directly receive funding.

Applications for recognition

If you want to apply for recognition for an APO, you should complete application form FV2. You need to provide the following information with the application:

- proof that you've opened a separate bank account if you're implementing an operational programme on behalf of the APO or its members. This will hold the grower members' contributions to the operating funds of all member POs and operational programme claims paid to the APO
- proof that the APO is a separate legal entity or clearly defined part of a legal entity

- proof of members of all constituent POs agreeing to join/form the APO, such as minutes of an AGM or EGM
- a statement of what the APO will do on behalf of the constituent POs

If applicable, you must provide a Members' Agreement and Articles of Association that:

- state the membership obligations for member POs, especially minimum length of membership and the relevant dates and notice required if a PO wants to leave the APO
- state POs' commitment to being members of the APO during operational programmes, if applicable
- allow member POs to check records and accounts;
- require member POs to provide the APO with information on, and justify, the estimated income into the operating fund for the next year.

Application for operational programmes

APOs may claim administration costs of the standard flat rate multiplied by the number of PO members, up to a maximum of €1,250,000.

Value of Marketed Production (VMP)

Value of Marketed Production (VMP) is the figure that is used to calculate the ceiling on funding payable to the PO or APO. The value of marketed production is the value of produce at the point that it leaves the PO or APO.

The VMP of a PO or APO is calculated each year during the reference period of the producers. They must be grower members of the PO or APO on 1 January of the year that the funding is claimed for. If you would like a new member's marketed production to be included in the PO's VMP, it must be declared on the FV3 or FVO4 form. Similarly, for those members who have left the PO, you must exclude their marketed product from the PO's VMP.

POs must declare the correct VMP by 15 September of the year preceding implementation of the PO's Operational Programme. Once you have submitted this declaration it cannot normally be amended. We will consider amendments, in exceptional circumstances, so speak to RPA about this.

Correct declaration of VMP is essential in determining the "estimated" value of aid which is notified to POs by the regulatory deadline of 15 December.

Once we have completed the verification of the POs declared VMP, we will confirm in writing what the "actual" VMP value will be used to calculate funding for the PO's Operational Programme.

VMP is all the recognised produce that has been marketed and that is sold (not what is available to be sold). Details of what can and can't be included are given below:

Activities which are included in VMP

- members' sales of recognised produce through the PO or APO
- a PO/APO's own recognised produce grown on its own land or leased land
- the eligible produce of any subsidiary companies providing that the PO/APO has at least 90% share ownership of the subsidiary
- by-products; if a PO/APO wants to include a by-product it must provide the RPA with a detailed description for a decision as the RPA does not hold a list of by-products
- produce marketed from members of another PO/APO (read the Buying and marketing produce section)
- production of members who join or leave the PO/APO
- commission charged by the Marketing Agent if it has been deducted from the final sales value achieved
- insurance monies received from harvest insurance where production is reduced due to a climatic event or animal or plant disease or pest infestations (read 'Natural Disaster provision' below) should be included in the VMP calculation
- fruit and vegetables grown by the PO/APO intended for processing and subsequently transformed into one of the processed products listed in part X of Annex 1 to Regulation (EUR) 2013/1308 (as amended) - this can be carried out by the PO, APO or their members, or a PO/APO subsidiary or through outsourcing, and will be subject to a flat rate percentage when calculating the VMP as a whole
- internal transport costs where the distance between the centralised collection or packing points of the PO/APO and the point of distribution is under 300km

Activities which are not included in VMP

- small amounts of members' recognised products sold through another PO or APO, or marketed themselves
- produce which does not fall within the fruit and vegetables regime (read the Product coverage section for further information)
- produce that the PO or APO is not recognised for
- any produce bought in (read the Buying and Marketing Produce section below)
- members' produce marketed by another PO or APO
- members' sales of recognised products sold directly to consumers (for example, farm gate, farm shops, farmers' markets and 'pick-your-own' sales)
- produce harvested and stored but not yet sold
- haulage costs from the PO or APO to the consumer

- internal transport costs where the distance between the centralised collection or packing points of the PO or APO and the point of distribution is more than 300km.
- VAT
- any production by a subsidiary company, if the PO/APO holds fewer than 90% shares
- any additional sums charged by Marketing Agents that artificially inflate final sales price - commission charged by Marketing Agents is eligible if it has been deducted from the final sales value
- supplier rebates or supermarket over-riders - typically linked to volume of sales and supermarket promotions.
- the full value of any processed fruit and vegetable products

Reference period used to calculate VMP

The reference period used to calculate VMP is a 12 month period between 1 January and 31 December, three years before the year that the aid is requested, but no later than the last audited accounting period. This must be the annual accounting period of the PO or APO.

Lack of historical data on the VMP

If you don't have historical data on VMP for your PO or APO because it has only recently been recognised, we will use the value you provided when applying for recognition.

Natural disaster provision

If your PO or APO does not have harvest insurance, we will estimate VMP at 65% of the previous reference period's marketed production of the PO or APO as a whole. If you think you may need this provision, contact the RPA with details.

Buying and marketing produce

Any produce which a PO or APO buys in, regardless of source (for example, a grower who is not a member of a PO or from a recognised PO or APO) cannot be counted towards VMP.

The produce bought from a PO or APO should be counted towards the VMP of the PO or APO who sold the produce.

The value of produce that a PO or APO is not recognised for, but has been marketed for another PO or APO, cannot be counted towards VMP.

The value of produce that a PO or APO is recognised for that has been marketed for another PO or APO can be counted towards VMP.

Declaring the VMP

You must declare the VMP by 15 September every year. It should be included on either:

- the application for an operational programme (FV3)
- the annual operational fund statement (FVO/4) - please note that you need to submit this form even if you aren't implementing an operational programme

You must also explain how the VMP was calculated. Your explanation must include:

- the total volume and value of all members' produce that has been marketed, broken down by product type (for example, strawberries, apples or carrots); you don't need to provide the class or grade of the produce. These should be the totals before you've removed anything included in the 'Activities which are not included in VMP' section
- any deductions, the reason for them, and the gross figure to be deducted from the total value; you must record each type of deduction separately

If members' marginal or direct sales are included in the PO or APO's total volume or value figure, you must record details of the deduction separately from other deductions. The volume for each member and whether the sales were marginal or direct, along with the percentage of sales, should be provided. In all instances the volume must be accurate. Only provide the value if it can be verified; do not provide an estimated value.

If marginal/direct sales of members are not included in the PO/APO's total volume/value figure, you don't need to provide details of the sales.

If the PO or APO's recording system captures the required information, you may be able to supply the data as a supporting document to the FV3 or FVO/4. You should seek agreement from us if you'd like to do this.

The Operational Fund

Operational programmes must be financed by one operational fund. You must set up a bank account for contributions from your PO's members.

Financial assistance will be paid directly into the operational fund.

The operational fund must be managed in a separate bank account to the PO's general account (such accounts should be named "[PO name] operational fund account") and set up in the country where the PO has its headquarters.

You will need to show that a fund has been set up before we can approve an operational programme. You should set this up alongside your application for recognition, for ease. The fund should be financed by financial contributions from members, or from the PO itself and any community financial assistance granted to the PO.

Inspectors or other registered officials may ask to see the account. You should retain all documentation to demonstrate a clear audit trail.

Purpose of fund

The fund can only be used for the following:

- financing an approved operational programme (submitted to and approved by the Agency)
- administering the operational programme

The fund must not be used for any other purpose.

Members' Contributions

Members must make contributions before aid is paid. Members' contributions can be made by taking levy from PO members, one off payments from each member or by using profits made by the PO. This list is not exhaustive, and you should decide how you'll collect the contributions before the programme commences.

If contributions are collected via member payments, all members should contribute equally to the fund. Members' contributions must not be proportional to the amount of aid they receive. Differential contributions are acceptable in relation to different produce.

You don't necessarily have to collect contributions before the end of the calendar year, but we cannot make payment until we've verified that you've raised enough funds to finance 50% of the programme.

Level of Assistance

The Commission has set a fixed level of financial assistance that can be paid towards the PO's operational fund expenditure. Assistance will be paid at either 50% of the eligible expenditure or 4.1% of marketed production, whichever is lower.

An additional 0.5% funding is available for crisis prevention and management measures for POs whose funding is based on 4.1% of their marketed production.

Payments from the operational fund

Any costs associated with the operational programme must be taken directly from the operational fund account.

The PO cannot pay invoices from the general account, nor can members pay invoices themselves and then reclaim the costs from the PO's operational fund. If individual members or marketing agents pay their expenses directly and then seek repayment from the operational fund, this expenditure will be deducted from the annual claim.

In exceptional circumstances, you may process some common costs (such as salary payments, VAT, or invoices which include both programme and non-programme expenditure) from the general account in the first instance.

You will need to justify the need for all such payments, which must be promptly re-credited from the operational fund account, and a clear audit trail must be provided. You will need to get prior approval from us to do this and each request will be assessed on a case-by-case basis.

Key dates

1 January

Implementation of new operational programmes commence

New year of existing operational programmes commence

15 February

Deadline for POs to submit Annual Claims (form FV6) along with Annual Report (form FV5)

30 April

Deadline for POs to submit evidence to support carry-over items included in their Annual Claim

15 August

Deadline for Recognition / Merger applications (form FV1)

15 September

Deadline for new operational programme applications (form FV3)

Changes to future years of existing operational programmes (form FV4)

Value of Marketed Production (VMP) declaration (form FVO4)

15 October

Final date for payment of annual claims

15 December

RPA to notify outcome of Recognition / Merger applications

Notification of approval / rejection of operational programmes commencing on 1 January of the following year

Confirmation of provisional level of financial assistance (based upon VMP declaration).

Operational Programmes

Operational programmes run for a maximum of three years.

The operational programme must have overall objectives that comply with the [Strategy](#). The objectives are broken down into measures, which are then broken down into actions. The actions must be quantifiable as they must be reported on for each year of the programme. Annex 5 of this guidance details measures, broken down into actions and the relevant output, result and impact indicator. This information is based on the PO's accountancy year and operational year, not the reference period being used in that particular reporting year.

You can make changes to your PO's operational programmes during the year, but this should only be done in exceptional circumstances.

You will need to submit documentary evidence to support the operational programme, including job descriptions, qualifications required to carry out specific jobs, and timesheets of people employed for PO activities.

Drawing up a programme

Each expenditure item must relate to a specified action. You should set quantifiable targets to show how effectively the implementation of the programme objectives will be measured. You may use consultants to help with this, but you are strongly advised to discuss any proposals with the RPA or relevant Devolved Administration before formally submitting them.

In drawing up the programme, you will need to demonstrate the following:

- the programme has the full support of all PO members
- the objectives for the programme are realistic (the PO should not over-stretch itself)
- POs will be able to complete the full course of the programme

Ineligible/Eligible operations

Non-exhaustive lists of ineligible and eligible operations are set out in Annexes II and III of Regulation (EUR) No 2017/891.

How to apply

To apply for an operational programme, you should complete application form FV3 and send it to us, together with the below listed supporting information, by 15 September.

If approved, the programme will start on 1 January of the following year. Within the total programme duration of three to five years, the implementation and administration of programmes is broken down into calendar year periods. Some items can be carried over from one programme to the next, but you must seek approval of this first.

Supporting information

You must provide the following information and evidence in the Annex of the FV3 form.

Capital items

- a description of the item
- where the item will be located
- the anticipated cost of the item
- the number of years that the cost will be spread over (if applicable)
- the planned date of purchase
- the write-down period
- whether the item will be used by non-members and anticipated percentage of non-member usage
- if the capital item is second hand
- if the item will be classed as a carry-over item to the next programme

Staff costs

- number of staff involved
- working hours – full time, part-time, seasonal etc.
- percentage of time employed on PO duties for staff employed on both PO and non-PO duties
- if staff are direct PO employees or contracted from members
- copies of job descriptions/timesheets
- an example of a timesheet
- for technical staff, copies of qualifications/professional accreditation
- copies of contracts

For contractors

- the name of the contractor firms (if known)
- which operational programme activity is to be contracted out
- how the PO will monitor the contract to ensure only eligible expenditure is claimed

For promotional activity

- who is to carry it out
- what it will consist of
- examples of materials to be used (if possible)
- an explanation of the basis of the estimated cost
- proof copies of any promotional material prior to publication for approval

Machinery/improvements to packhouse/grading lines etc

- confirm whether the machinery will be new or second hand when purchased

- an invoice or 3 quotes. If the request is based on an estimate, you should obtain estimates or quotes
- where the equipment is located
- how many members will benefit from this investment
- details of the equipment to be purchased including the total (if more than one purchased)
- how the PO will benefit

Trials, testing and research

- what tests are being carried out and what they are trying to demonstrate
- where tests will take place
- how the PO will benefit from the tests
- how many members will benefit from the tests
- a detailed breakdown of costs
- the quantity and variety of crop to be tested
- the location of the crop to be tested
- the frequency of the testing and description of the size or length of the trial
- an invoice or quote from the company, or three estimates

Perennials

- a breakdown of costs and supporting documentation to ensure no ineligible elements are being claimed for
- where they will be located
- an invoice or 3 quotes for the items purchased

Audits

- a full description of all audits to be covered
- a detailed breakdown of costs

Staff training

You should provide as much detail as possible regarding staff training. This will help us assess the eligibility of the item.

Technical advice

- a full breakdown of costs
- an action plan detailing the regularity and length of these visits
- copies of contracts
- a copy of job descriptions and qualifications, if employed by the PO

Biological control techniques

- a full breakdown of costs
- an invoice/quote from the company or three estimates
- location of the investment
- quantity of each biological protector and which crop they will be used for
- which members will benefit from this investment

Quotes

You must provide three 'like for like' quotes, with full details of the planned expenditure, from different suppliers for each action in the operational programme.

You should explain which quote you have chosen and why. For instance, if there is a preferred supplier, you should explain this and supply evidence supporting the reason why. We cannot accept one quote for a preferred supplier.

If three quotes for an identical specification are not available, you should explain why and provide supporting evidence demonstrating why these could not be obtained. For example, details of other companies you have approached for a quote and any evidence from them stating the reason why they were unable to provide a quote.

Where items are bespoke, the explanation for this should be accompanied by supporting evidence, for example, an explanation from the manufacturer confirming that they are the only suppliers of the specialist equipment.

All quotes and supporting evidence will be considered on a case by case basis.

Quotes which are in a currency other than sterling must be accompanied with the exchange rate you have used to convert.

Approval notification

Once applications have been submitted, we will assess and consider whether the application is complete, in conjunction with the Devolved Administration where relevant. If further information is required, we will let you know.

When your operational programme has been approved, you may begin from the approved start date. Expenditure incurred before this date will not be eligible for assistance unless directly related to the submission of the operational programme or preparatory work, which must commence to allow a specific task to be undertaken early the following year; for example, if a crop needs to be planted in December prior to 1 January to be ready for harvest in a particular month of the following year.

Extending measures over the life of more than one programme may be possible from the outset of one programme, to budget the cost of major items over the life of more

than one programme. Please contact the RPA and provide details of the item and justification for budgeting over the extended period. Requests will be considered on a case by case basis.

Organic and experimental production

You can claim funding for organic or experimental crop production, which can be funded over the course of more than one operational programme.

If you want to include experimental or organic production in your proposed operational programme, you should supply a detailed description of the planned production, along with an estimate of costs. We will consider these requests on a case-by-case basis. Funding will be based upon the difference between organic and conventional costs.

Experimental production can include the trialling of new breeds of plants, but plant breeding itself is not eligible for funding under the scheme.

Setting objectives and measures

When drawing up the programme you should consider how the PO will meet objectives. Regulation (EUR) No 2013/1308 (as amended) requires that programmes contain obligatory objectives.

A programme must also contain two or more environmental actions, or at least 10% of the expenditure of an operational programme should cover environmental actions. Please also refer to the Maximum expenditure on measures and actions section.

Obligatory objectives

A programme must contain at least two objectives referred to in Regulation (EUR) No 2013/1308 Article 152(1)(c) or 2 of the objectives in Article 33(1).

List of objectives in Article 152(1)(c)

- ensuring that production is planned and adjusted to demand, particularly in terms of quality and quantity
- concentration of supply and the placing on the market of the products produced by its members including through direct marketing
- optimising production costs and returns on investments in response to environmental and animal welfare standards, and stabilising producer prices
- carrying out research and developing initiatives on sustainable production methods, innovative practices, economic competitiveness, and market developments

- promoting and providing technical assistance for the use of environmentally sound cultivation practices and production techniques, and sound animal welfare practices and techniques
- promoting and providing technical assistance for the use of production standards, improving product quality and developing products with a protected designation of origin, with a protected geographical indication or covered by a national quality label
- the management of by-products, and of waste, in particular to protect the quality of water, soil and landscape and, preserving or encouraging biodiversity
- contributing to a sustainable use of natural resources and to climate change mitigation
- developing initiatives in the area of promotion and marketing
- managing of mutual funds referred to in Operational Programmes in the fruit & vegetable sector referred to in point (d) of article 33(3) of (EUR) 2013/1308 and under article 36 of Regulation (EU) No. 2013/1305
- providing the necessary technical assistance for the use of the future markets and of insurance schemes

List of objectives in Article 33(1)

- planning of production including production and consumption forecasting and follow up
- improvement of product quality, whether in a fresh or processed form
- boosting products' commercial value
- promotion of the products, whether in a fresh or processed form
- environmental measures particularly those relating to water, and methods of production respecting the environment, including organic farming
- crisis prevention and management

You must be able to demonstrate to the RPA, relevant Devolved Administration or inspection officers how the above objectives are being met.

Group expenditure into measures

When drawing up programmes, you must group the individual items of expenditure into measures. This will be important when claims are submitted at the end of each year and the PO has to report on each objective.

Actions

An action is the activity the PO will carry out to achieve the measure and objective. For an action to be eligible, more than 50% by value of the products concerned by the action must be those for which the PO is recognised. To be counted in the 50%, products must come from the PO's members or members of another PO.

Maximum expenditure on measures and actions

The Strategy sets maximum percentage levels of the fund which can be spent on any individual measure and type of action. This means there is an appropriate balance between different measures in each programme.

No more than 60% of the fund can be spent on a measure per year of the programme, and no more than 40% of the fund can be spent on an individual action per year. However, there are exceptions to these limits:

- some individual measures have a specific limit - you can find these in Annex 4 of this guidance
- no more than 30% of the fund can be used for research and development measures
- the limit may be extended, subject to the RPA agreement for major capital investments, where there is clear evidence of collaborative or collective value to the PO and its members (for example, pea viners, packhouses, storage facilities)

Crisis Management & Management Issues

Crisis prevention and management measures can be included in operational programmes applied for within the UK.

You cannot spend more than one-third of the operational programme on these measures. This includes capital and interest repayments. Where these measures are included, additional funding of up to 0.5% may be available to those POs whose funding is close to 4.1% of their VMP. This additional funding can only be used for crisis prevention and management measures and does not apply if a programme is funded using 50% of the programme expenditure.

To finance crisis prevention and management measures, POs may take out loans on commercial terms. The repayment of the capital and interest on those loans can form part of the operational programme and be carried over to a subsequent programme on duly justified economic grounds. POs can also finance these measures directly, however, only one method of finance can be used.

Promotion and communication

Additional funding may be used in times of crisis, over and above any promotion or communication already within the operational programme. This measure cannot be used to promote products where a lack of planning on the part of the PO has resulted in large volumes of produce being available.

Training

Training to deal with a crisis measure, over and above any training already included within the programme, may be funded.

There is no definitive list of training courses that are eligible under this measure. You should provide the RPA with details of training courses for consideration.

Harvest Insurance

Harvest insurance must be managed by the PO. It does not have to cover all members and can be targeted at specific members of the PO. The insurance policy must be with a commercially recognised insurance firm.

50% of the premium is eligible for aid if the policy covers the PO for losses as a result of:

- natural disasters and climatic events
- animal or plant diseases or pest infestations

You cannot claim funding for this measure if the insurance payment compensates for more than 100% of the income loss suffered. This provision also takes into account any compensation that may be received from other support schemes related to the insurance risk.

Actions are not permitted to cover contracts of insurance that are not affected and covered by the Financial Services and Markets Act 2000.

Mutual Funds

You may set up a mutual fund to insure the PO, which will pay members compensation as a result of adverse market conditions.

These could include, but are not restricted to:

- economic losses caused by an outbreak of adverse climatic events
- an animal or plant disease or pest infestation
- an environmental incident
- a severe drop in their income

A severe drop in income is where the drop in income is at least 20% of the average annual income of the individual grower in the preceding three-year period.

An adverse market condition is an objectively existing situation in the market for a given product that leads to a drop of income of producer members. The drop must be more than 20% of the average price of the affected product in the preceding three-year period.

Increased input costs, such as price increase of fertiliser that may cause an increase in the cost of an affected product, may result in a loss of income where this increase in cost of inputs cannot be passed on to customers.

You should replenish the mutual fund through the operational fund.

Replenishment of funds should not cover any payments which compensate producers for more than 100% of the income loss suffered, taking into account any compensation the producers obtain from other support schemes related to the loss.

If the mutual fund is also used for purposes other than paying compensation to producer members, the resources allocated should be clearly identified and held in a separate account. Only the financial contributions that have been paid to producer members as compensation for a drop in income will be eligible for aid.

Costs eligible for funding

The following costs associated with mutual funds are eligible for funding:

- administrative costs linked to the setting up of the mutual fund, as detailed in Article 40 of Regulation (EUR) No 2017/891
- financial contributions to replenish mutual funds, to cover the expenses detailed below

Administrative costs can include management costs, registration fees, personnel costs and overheads. You may receive support for the administrative costs only once and only within the first three years of the operation of the mutual fund. The total amount of support, including both the scheme financial assistance and the contribution from the PO must not exceed 5% in the first year; 4% in the second year or 2% in the third year of the PO's contribution to the mutual fund.

Financial contributions to replenish mutual funds may cover:

- amounts paid by the mutual fund as financial compensation to producer members who experience a severe drop in their income as a result of adverse market conditions
- interest on commercial loans taken out by the PO to pay the financial compensation to growers from the mutual fund, where the funds available in the mutual fund would be insufficient to meet the compensation requests - the duration of commercial loans will be limited to the duration of the operational programme

Contributions from non-producer members

Individuals other than producer members (e.g. non-producer members of the producer organisations) may contribute to the mutual fund's capital stock. However,

they are not entitled to receive any compensation or repayment from the mutual fund.

Applying for a mutual fund

When applying for a mutual fund in the operational programme, you must provide:

- details of why the PO is setting up the mutual fund, confirming this has been agreed by all members, in line with PO's statute
- a copy of the mutual fund's agreement that is in place, signed by all members, setting out the rules on how the mutual fund will be used

The mutual fund's agreement must include details of:

- how the mutual fund is going to be funded
- how the fund will be replenished by the PO members following compensation payments
- the rules around giving compensation to members (i.e. when compensation will be given and how this will be assessed)
- the rules around non-usage of the mutual fund
- clear rules attributing responsibilities for any debts incurred
- if applicable, a copy of the detailed rules to apply to a specific crisis

If you want to set your own additional criteria, you should discuss this with your Customer Relationship Manager.

Using the Mutual Fund

Before compensation can be paid to producer members from the mutual fund, the PO must carry out a full assessment, including:

- how the severe drop of income was calculated and established
- which products have been affected by the adverse market conditions, causing the severe drop in income; and
- how it is ensured that the price ex-producer organisation is aligned with the market price

Record keeping

You must keep records and documentation, showing the following, for inspection by us:

- that this measure is included in the operational programme or its amendment

- the assessment that led to compensation from the mutual fund (including the assessment outlined in the 'Using the mutual fund' section)
- members' produce, final destination of the production and the time period covered by this measure
- the PO's contribution to replenishing the mutual fund and regular contributions of its members to the mutual fund

Claiming for funding

When claiming funding for administrative costs relating to the set-up of the mutual fund, you must provide evidence of the expenditure incurred.

When claiming funding to replenish the mutual fund, you must provide supporting documents showing the full assessment of the compensation amount that has been carried out.

We will check and inspect all claims in the usual manner.

Conditions of Operational Programmes

Relationship with Rural Development Programmes (RDP)

Support for environmental actions, other than acquiring fixed assets, must be limited to the maximum amounts laid down in the [Regulation \(EUR\) No 2013/1305](#) for agri-environmental payments. This is currently set at €600 per hectare for annual crops and €900 per hectare for perennial crops.

We will ask for acreage for each crop during the application process and annually when the PO is recognised. We will advise if your PO exceeds the calculate maximum funding.

Environmental Actions

A non-exhaustive list of environmental actions can be found at Annex 5 of this guidance. Other actions can be considered.

The RPA or relevant Devolved Administration will look at each programme and decide whether the actions identified can be classified as environmental or whether they are more suited to other types of measures. For example, building a cold store can't be classed in its entirety as an environmental action; however, certain elements of the build may be included, such as installing refrigeration units that use environmentally friendly gases.

You must include at least two environmental actions in the PO's operational programme, or environmental actions must account for at least 10% of the operational programme expenditure. If you choose the 10% option, penalties will be incurred at the end of the operational programme if this is not met. The total amount of scheme funding due for the last year of the operational programme will be reduced in proportion to the amount of expenditure not incurred on environmental actions.

In the case of environmental investments aimed at achieving a reduction in the current use of production inputs, emission of pollutants or waste from the production process, you must provide an attestation of the reduction to be made from an independent body. The attestation must provide for a reduction of at least 15%. However, a reduction of 7% may be permitted where the investment allows for at least one additional environmental benefit.

In the case of investments aimed to achieve a reduction in water use in drip irrigation or similar systems, you must provide an attestation of the reduction to be made from an independent body. The attestation must provide for a reduction of at least 5%. You should provide evidence of the PO's current water usage and expected water usage under the new drip irrigation or similar system, and the method that has been used in this calculation. You should also provide evidence of the area under irrigation.

Investments must not result in a net increase of the land under irrigation.

If you provide an attestation, you do not need to prove that the investment has resulted in the reduction expected. However, you will be expected to report any savings in your annual report and explain if the savings are not made.

Capital items

Capital items include equipment, machinery, buildings, land (for development only), facility construction/installation and refurbishment work. Capital items may be paid for in full at the time of purchase, so the total cost could be eligible for funding at that time.

Alternatively, payment of capital items may be spread over a period, for example, loans, hire purchase or leasing agreements. Funding can then be paid on the amount of repayment made within each programme year. Taxes, interest charges, insurance arrangement, and operating costs are not eligible.

If the payment of capital items is to be spread over more than one operational programme it must be on clear and justified economic grounds. Any capital items purchased before the start of a new operational programme are not eligible. All such arrangements must be submitted and approved as part of the operational programme.

We will continue to check capital items after completion of an operational programme. If land is sold or leased to another party and conditions are breached, funding will be recovered. Interest and penalties will also be applied where applicable.

You must complete a Capital Assets register when applying for an operational programme. The updated register must be submitted in September of each year of the programme. It should include the item, year purchased, depreciation value and its location to provide inspectors with the necessary information to complete their checks. If a capital asset is moved from one location to another, you can include this information in the annual update.

Payment for services

The PO, and not individual members, must make payments directly. PO members may not pay for a service and then reclaim this back from the PO. This includes services such as storage and packhouse costs.

Second hand items

Second hand equipment will only be eligible for funding if you submit supporting documentation that provides a clear audit trail.

All supporting documentation supplied must comply with [Regulation \(EUR\) No 2006/1828](#).

In particular:

- The equipment must not have received funding from either National or Community in the last seven years - you must provide written confirmation, invoices and a declaration from the seller to the PO
- the price of the equipment must not exceed its market value, and cost should be less than that of similar new equipment
- the equipment must be able to perform the technical requirements necessary for the operation and must comply with the applicable standards
- you must provide a quote for the second-hand item, as well as a quote for the cost of a new item to demonstrate that the cost of the item is reasonable
- you must also provide the reasons why you have elected to purchase second hand and why you have elected to use the chosen supplier
- all quotes and supporting evidence will be considered on a case-by-case basis
- quotes which are in a currency other than sterling must be accompanied with the exchange rate you have used to convert

We can't approve funding on second hand equipment without the relevant information.

Re-usable crop covers

Horticultural fleeces may extend the cropping season by encouraging both early and late crops, reduce pest grazing, and sometimes reduce wind damage.

As part of production planning, fleece purchase may be considered as the purchase of a capital asset of the PO where they are clearly used for a number of crops and seasons. Floating films are not funded.

If fleece is purchased, you should forecast what the effect on the cropping for the PO will be in terms of its intended change in crop volume or value. This should include what the change in the total area cropped under cover will be for each crop.

Hiring equipment

We encourage POs to purchase their own equipment, but the hiring of equipment may be acceptable in certain circumstances.

If you are intending to hire equipment within the PO, you must inform the RPA or relevant Devolved Administration prior to any final agreements. You must provide a clear economic justification for the decision and evidence that the costs involved are at market rate or lower. The PO's action must be transparent, ensuring there is no double financing or member dominance. We will consider each request on a case-by-case basis.

Usage of capital items

Operational programmes are approved on the understanding that POs will obtain long-term benefits from any capital items purchased. Assets must remain in the property and possession of the PO until the end of the retention period of 5 years.

If an asset is sold before the end of the retention period and not replaced, you will need to repay any scheme funding received to finance the asset, in proportion to the number of full years that remain until the end of the retention period.

Capital items should be depreciated in accordance with normal company policy. RPA assumes a write down period of 20% per annum or five years.

The RPA may recover 50% of any profit made from the lease of such assets. The RPA will not seek recovery if profits are used to finance the operational programme in addition to funding. However, POs cannot use these profits as members' contributions to the operational fund or repay the profits back to individual

members. The amount of aid to be recovered will be calculated by the Agency and will include any interest accrued on such items.

You must ensure any equipment funded under the scheme is used by the PO more than 50% by value of the products it is recognised for. To be counted towards the 50%, the products must come from the PO, another PO or an APO.

A capital item should be at the disposal of all members of the PO, and you must inform the RPA on a yearly basis of the location or any changes to the long-term location of the item. If you receive any money for an item, such as hiring costs paid by a non-member, these must be paid into the operational fund account. This will continue to apply following the end of the write-down period on the item.

You must have a written agreement to recover investments or the value of investments if a member leaves the PO.

If a member leaves the PO, they should return any capital investments to the PO. However, if this is not possible, an agreement must be reached for the member to retain the item but reimburse the PO for its residual value. You must add this to the PO's operational fund.

Land purchase

Funding may be paid on an area of land required for a building or installation that is part of an operational programme. If, however, a larger plot of land is purchased, funding will only be paid in proportion to the amount required for the purposes of the programme. The cost of the land should not be more than 10% of the total eligible expenditure for the measure. In addition, land purchased must remain in the PO's ownership for at least 10 years.

Conditions will apply to each case of land purchase and details will be finalised when an operational programme is approved.

Purchase of real estate

You may claim funding for the purchase of real estate (buildings already constructed and the land on which they are built).

You must ensure you can provide the RPA on request with:

- a certificate obtained from an independent valuer or duly authorised official body confirming that the purchase price does not exceed the market value
- proof to show that the buildings either conform to national regulations or highlight the points which do not conform to regulations and will need to be rectified by the PO
- evidence that the building should not have received any National, Community, or other funding, in the previous 10 years

You can only use the real estate for the purpose specified by the PO, which must meet the objectives of the operation, and it should normally remain in the ownership of the PO for at least 10 years. However, if real estate has been previously purchased using Community, National or other support within a 10-year period, it cannot be funded under the scheme.

Staff costs

The eligible costs for staff approved under the programme are limited to:

- gross salary costs (including PAYE)
- National Insurance contributions (both employers' and employees' contributions)
- company pension (non-contributory element)

Holiday pay may be included, but payment in lieu of holiday not taken is not eligible under the scheme. Other staff costs and employment benefits may not be claimed. This restriction applies both to staff directly employed by the PO and to specialist staff sub-contracted to provide services to the PO on a continuous on-going basis.

Sick pay, maternity pay and bonuses are not eligible and the RPA reserves the right to consider reviewing the eligibility of pensions.

The records required to support staff costs are job descriptions, timesheets (where staff are not employed 100% on the programme), and payroll records.

For specialist staff sub-contracted to work for the PO, the contract or agreement between the PO and agent detailing the services to be provided must also be available, and the invoices for sub-contracting costs must identify the eligible and ineligible elements (such as commission and overheads).

All staff costs must be clearly explained with supporting documentation. The use of general headings such as 'management time' will not be acceptable. If accurate time sheets and any necessary supporting documentation are not maintained, then funding will not be paid on these costs.

Specialist services

If you purchase specialist services (a one-off action to perform a specific task), this is not considered to be a sub-contracted cost and is eligible for funding. You should provide supporting invoices which identify the services provided and a breakdown of the costs.

Administration costs

Funding will be payable for management, administration and implementation costs of the operational programme up to a limit of 1% of the operational fund, or €90,000, whichever is lower.

Tax costs

Apart from National Insurance Contributions, other taxes are not eligible for funding. These include VAT and Landfill tax. However, PAYE is eligible as part of an employee's salary, as detailed in the Staff costs section.

Transportation costs

Transport costs will be financed where they are seen to provide consideration and care for the environment, such as transport via shipping or railway to avoid road congestion and pollution problems. The costs paid under the scheme will be the extra costs incurred over the cost of transporting produce by road. All other transport costs (internal and external haulage) are ineligible.

However, the actual purchase/hire/lease of a refrigerated vehicle (atmosphere controlled) is eligible.

Approved operational programmes

You should inform the RPA and relevant Devolved Administration of any difficulties you encounter during the programme implementation.

Your operational programme should be kept under constant review. You will be expected to review the content and estimated costs for future years of the programme.

Double financing requirements

The fruit and vegetables aid scheme rules do not allow funding for specific actions under more than one scheme (known as double or dual funding). You must make sure your PO has measures in place to address this risk.

You must make sure that:

- aid is not claimed for specific actions under more than one scheme
- investments on individual holdings do not receive dual funding

This covers both capital investments (for example equipment) and agri-environmental measures under Rural Development schemes.

You should be aware of each member's involvement with schemes other than the Fruit and Vegetables Aid Scheme, such as the Basic Payment Scheme (BPS) and Rural Development schemes. You should confirm the PO members don't benefit from dual funding.

Evidence of this should be kept and will be checked during inspection. You should consider this when taking on new members and tell the RPA when investments are placed on individual members' holdings.

The RPA will continue to carry out checks on POs and their members and if dual funding is found, payments of aid will be recovered.

Changes to an approved programme in future years

The content of an existing programme can be reviewed, and you must make an estimate regarding costs for future years of the programme.

You should complete form FV4 to request to change the programme to take account of any new conditions which could not have been foreseen when the programme started. All requests for changes for future years of the operational programme must be received by the RPA by 15 September, and must be accompanied by full supporting documentation justifying the changes requested.

The changes must not differ significantly from the original programme and objectives that were agreed initially. All changes must reflect the baseline indicators provided and be quantifiable using the reporting indicators.

The RPA will inform you if your changes have been accepted by 15 December.

Making changes in-year

You can apply to make changes to the PO's operational programmes in-year. These types of changes are subject to certain limitations and conditions.

As POs must provide quantifiable targets on the success of measures and the overall objectives of the programme, only certain changes can be made. In-year amendments should be exceptional.

You must receive approval from the RPA before making any changes. For more information, read the 'When and how to request changes to programmes' section.

Changes to an approved programme made in year

You may make the following in-year changes to the operational programme:

- the implementation of only part of the operational programme
- changes to the contents of the operational programme
- changes to the amount of the operational fund up to a maximum 25% increase or decrease of the amount initially approved, provided the overall objectives of the programme are maintained

Making changes for prior approval

You must apply to the RPA by submitting form FV7 giving details of any proposed in-year changes. You may only make changes once you have received approval – changes made prior to this will be void. The operational fund expenditure cannot be 25% above or below the approved cost for that year.

In addition to the FV7 form, you must complete and send the relevant Annex and the requisite 3 quotes, as detailed in the below sections.

You must answer all questions on the annexes fully and include as much detail as possible so we have a fully documented explanation of what the FV7 is for.

You should include the full set of documents in a single email and we will only accept one email per amendment. Please label your email with PO name, action number, form reference, for example: "PO name - Action 2.8 - FV7".

Completion of Annexes

When purchasing assets, you should explain why the make/mode/brand/type was selected.

If you are purchasing numbers of things, you should include quantity/volume/area covered, etc.

You should also include details of where within The Strategy or Environmental Framework the action fits, for example: 'Polytunnels – Planning of Production 3.2.1.1 Modern growing systems and associated equipment such as polytunnels tabletops, hydroponic systems'.

If the proposal is not in the list of actions, you must provide a full description of where you consider it fits and why.

Soundness of price estimates

You must provide three 'like for like' quotes from different suppliers for each action in the PO's operational programme. You should submit these to RPA at the same time as FV7 amendments, with full details of the planned expenditure in the annexes.

You should explain which quote you have chosen and why. For example, if there is a preferred supplier, you must explain why and provide evidence and reasonable justification. You must provide quotes and evidence that a wider search has been carried out. We cannot accept one quote for a preferred supplier.

If three quotes for an identical specification are not available, you should explain why and provide supporting evidence demonstrating why you were unable to obtain these, such as details of other companies you have approached for a quote and any evidence from them explaining why they were unable to provide a quote.

If you are buying bespoke items, you must explain why with supporting evidence; for example, an explanation from the manufacturer confirming that they are the only suppliers of the specialist equipment.

We will consider all quotes and supporting evidence on a case-by-case basis.

If your quotes are in a currency other than sterling, you must show the exchange rate you have used to convert.

Making changes without prior approval

You may implement monetary changes only without prior approval from the RPA or relevant Devolved Administration, provided the change is not more than 20% of the initially approved funding for the action.

The change must be purely financial, for example if the cost of a piece of equipment has risen substantially. If you want to change the specification of the action in question, then you must seek prior approval as normal.

The 20% tolerance level has been set for all POs whereby deviations in the actual costs of individual operational programme action need not be informed to the RPA until the 'Annual Claim' stage. This is conditional on the content of the action remaining as originally approved and on an explanation of the change being submitted with the annual claim.

Payments

You can make a claim in three ways. You should apply for each type of claim by submitting form FV6.

An Arrears claim is a claim made against expenditure which the PO has made against approved actions within the Operational Programme. You can submit requests for payment in arrears at any time, but no more than three times in any given year. You may only claim expenditure that has been paid and has cleared the Operational Fund Account.

An Advance payment is a claim made ahead of the PO making potential purchases against approved actions within the Operational Programme. You can only submit these requests quarterly and a security will be required.

An Annual payment is a claim for expenditure which the PO has made for the whole year of the programme. If you have already made arrears claims in year, these will be deducted from the final annual payment. You must submit an annual claim, but Arrears or Advance claims are optional.

You cannot submit a mixture of advance and partial arrears claims during the same year.

VMP

VMP figures must be verified prior to any payments being released. This verification may take place in advance of the first claim being submitted or during the first payment inspection.

Proof of expenditure

When you submit a claim, we will arrange for an inspector to visit the PO to verify the expenditure claimed. Payment will be made as soon as possible after we receive the inspector's report.

Arrears payments

All arrears payments will be limited to 80% of the total expenditure claimed.

We will check that the total payments in arrears claimed during the year do not exceed the relevant ceiling. If the total amount claimed exceeds this ceiling, your claim will be reduced to the amount available after the ceiling has been applied.

Advance payments

To qualify for an advance payment you must be able to show:

- you have collected the operational fund levies from your members
- the corresponding PO contribution has been spent
- any previous advance payments have been spent

When to claim

You may claim during the following quarters:

- 1 January – 31 March
- 1 April – 30 June
- 1 July – 30 September
- 1 October – 31 December

You must submit your claim during the first month of a quarterly claim. For example, for the quarter January to March, the FV6 must be submitted within the period 1 January - 31 January or the claim will be rejected. The claim must be based on estimated expenditure of what is likely to be incurred for each action (including quotes from anticipated suppliers, if not already provided) and must be signed by an authorised signatory.

Security

Requests for advance payments must be accompanied by a security equal to 110% of the sum advanced. Securities may be lodged by block guarantee or single transaction guarantee. Full details are available on request from the RPA's Guarantee Section.

Making a security payment

Single transaction guarantee (STG)

You can use an STG for a single transaction. You need to complete guarantee form [IX6S \(Sterling\)](#) (PDF, 196KB, 3 pages) and return it to the address on the form.

Block guarantee

You can use a block guarantee for any number of transactions up to the value of the guarantee. RPA will repay your security when your obligations under each specific transaction have been met.

You must make sure that there is sufficient available security to cover each transaction. To help you do this, RPA will send you a statement each week or every 4 weeks which:

- lists all outstanding transactions
- tells you how much of your guarantee is unused

You can also ask RPA for a statement whenever you need one. You should send new block guarantees to RPA on guarantee form [IX5S \(Sterling\)](#) (PDF, 204KB, 3 pages).

Proof of expenditure

An advance payment cannot be authorised until expenditure from the previous advance payment has been fully used and verified by an RPA inspector.

Release of securities during the year

Applications for release of security may be submitted using form FV10. We will release up to 80% of the security covering an advance payment when the quarterly claim for payment has been finalised.

Applications for release of security lodged against a previous advance payment must have no bearing on the security required for the current claim. Before a release of security is actioned any expenditure from the previous advance payment has been fully used and verified by an RPA inspector.

The remainder of outstanding security will be released on verification of the annual claim.

Annual payment

Applications for an annual payment must be received by us no later than 15 February of the year following the programme year. Applications must be accompanied by an annual report and cannot be accepted where this is not supplied.

If your applications are received late, the total aid for that year will be reduced by 1% per day.

If you do not submit an annual claim, funding already paid against arrears claims during the year will be recovered.

How to apply

You must supply the following information when applying for an annual payment:

- VMP - this will already have been verified by an inspector earlier in the year
- financial contributions levied on its members and those of the PO itself
- expenditure on the operational programme paid for from the operational fund
- expenditure on crisis prevention and management broken down by actions (the proportion of the operational fund spent on crisis prevention and management, broken down by actions)

- proposed carry-over items - these include any measures for which a PO is unable, due to exceptional circumstances, to implement by 31 December but will complete and pay for by 30 April
- an annual report (form FV5) – this will detail objectives broken down into measures financed from the operational fund (if POs fail to provide their annual report, administrative penalties will apply)

If the application is for the penultimate year of the programme, you must also submit an evaluation report to include the extent to which the objectives have been achieved. The report must also mention any factors which contributed to the success or failure of implementing the operational programme and how these were considered in the ongoing programme.

The report must include:

- a written undertaking that the PO or its members have not received any duplicate funding in respect of measures/operations carried out under this scheme - this statement is included in form FV5
- confirmation that an equivalent contribution from the PO remains in the operational fund

Retention of other documents for verification and audit

POs and their members must keep all commercial documents for at least three years from the end of the year in which they were drawn up.

Commercial documents are defined as all receipts, books, registers, vouchers and supporting documents, accounts and correspondence used.

Records must be made available for inspection for verification and audit purposes.

Calculation

Payment is based on the lesser of 50% of operational fund expenditure or 4.1% of the verified VMP. This may be increased up to 4.6% where additional funding on crisis prevention and management measures has been approved.

Payment will be authorised up to a maximum of 25% over the initially approved aid amount, provided the PO has submitted form FV7 for additional expenditure and received approval from the RPA.

The final payment will be offset against any payments made in respect to advance or arrears claims that have been made during the year.

Payment

Payment will be authorised as soon as the RPA is satisfied the requirements of the scheme have been met and that the accuracy and completeness of documents have been verified by the RPA's Inspectors. If the RPA requires additional documents, you will be informed.

The regulatory deadline for making payments is 15 October.

Recoveries and sanctions

Sanctions

If a PO breaches the recognition criteria, it will receive a warning letter explaining the breach and how serious it is. The letter will explain what the PO needs to do to correct the breach. The breach must be corrected within four months.

Serious breaches

Examples of serious breaches of recognition include:

- failure to meet minimum number of members
- failure to fulfil the structure and activities of the PO, e.g. failure to have knowledge of members' production, collecting, sorting, storing and packaging the production of their members, commercial and budgetary management and centralised bookkeeping and system of invoicing
- breaches linked to the concentration of supply and placing on market of products members are recognised for
- sale of non-member produce (breach of 50% rule)
- failure to ensure democratic accountability

If a serious breach is found, all payments of aid will be suspended from the date of the warning letter until corrective action is taken.

If the PO fails to meet the recognition criteria within the four-month period, the PO will be suspended. During suspension, the PO may continue its activity and aid will accrue but this will not be paid until the PO meets the recognition criteria. A 2% penalty will be applied to the yearly aid amount for each full or part month the PO is suspended (limited to the aid year in question).

If the PO has not taken corrective action within 12 months of the date of the warning letter, its recognition will be withdrawn.

Other breaches

Examples of breaches which are not considered serious include:

- failure to meet minimum VMP
- failure to carry out activities properly over time and in terms of effectiveness, provision of human, material and technical support
- inconsistent PO statutes

If one of these breaches is found, payments of aid will be suspended after the four-month deadline has passed if corrective action has not been taken. A 1% penalty will be applied to the yearly aid amount for each full or part month the PO has not corrected the breach (limited to the aid year in question).

If corrective action is not taken by 15 October of the second year following the year of the operational programme, the PO will lose the whole yearly aid payment.

For each subsequent aid year, the 1% penalty will continue to apply to any aid accrued for that year (on a rolling basis) until the breach is corrected.

Recoveries

The amount of money recovered will vary according to the PO's degree of non-compliance with the regulations. Examples of scenarios where the RPA may recover aid paid, including sanctions and interest as described below, are:

- the value of marketed production verified is found to be less than the amount declared by the PO and used to calculate aid
- the operating fund of the PO has not been maintained in accordance with the regulation or has been used for purposes other than the funding of the operational programme
- the operational programme has been implemented in a manner which differs from the programme originally approved by the RPA

If it is necessary to make an adjustment to the amount of aid claimed, the RPA may need to recover aid paid, reduce the amount of aid the PO is entitled to, and, if appropriate, apply interest and sanctions.

If the difference between the amount claimed and the amount found to be eligible is less than 3%, the eligible amount will be paid and no sanction will apply. For example, claimed £100,000, eligible £98,000 (3% of £98,000 = £2,940). The amount over claimed is £2,000 therefore the amount payable is £98,000.

If the difference between the amount claimed and amount found to be eligible is more than 3% then the eligible claim will be reduced by the amount overclaimed. For example, claimed £100,000, eligible £90,000 (3% of £90,000 = £2,700). The amount to be paid will be £10,000 less than claimed plus a £10,000 penalty, therefore the amount payable is £80,000.

An overclaim could also result in an invoice being raised:

- in cases of obvious error, to reimburse the amounts unduly paid out, plus interest
- if a beneficiary is found to have committed fraud in respect of aid covered by [Regulation \(EUR\) No 2013/1308](#) (without prejudice to any other sanctions and penalties applicable under national legislation) recognition will be withdrawn, the application or operations concerned will be excluded from the support under the operational programme, any aid already paid from that operation will be recovered, and the PO or APO will be excluded from support under the operational programme during the next year
- if a PO prevents an Inspector from making an on-the-spot check, the application for aid will be rejected

Interest and Penalties

These will be applied to any support payment discovered to be unduly paid. The interest will be based on the period elapsing between payment and reimbursement and the Bank of England Base rate in force on the date of undue payment, plus three percentage points.

Any reimbursements relating to EU funding, will be calculated using the European Central Bank rate, plus three percentage points.

Inspections and Assessments

The RPA will arrange an inspection visit to the PO:

- on receipt of an application for recognition
- on receipt of a request for release of security or interim or annual claims for payment (N.B. scheme administrative changes from 2026 scheme year)

The inspection visit to the PO will carry out specific checks on one or more of the following aspects of the programme, to ensure that:

- the operational programme actions are being implemented in accordance with the approved operational programme
- no ineligible expenditure has been claimed
- the operating fund contributions are being collected as stated by the PO and the operating fund is being administered correctly
- satisfactory records are being maintained
- no duplicate national or regional funding is being received, directly or indirectly, for any actions qualifying for funding under these arrangements

- the PO has collected enough contributions to cover the PO's proportion of the previous years' expenditure

to verify:

- the actual expenditure figures for the operational programme. This is the amount actually paid by the PO during the quarter and the amount has been incurred during the current programme year
- the declared marketed production and marketed quantity figure

to check:

- the accuracy of the information supplied with the payment request
- the records maintained by the PO are accurate

If a check establishes that the PO or APO does not comply with Recognition criteria, you must submit a copy of the inspection report to Defra) within 28 days of receiving the final version of the report.

Checks carried out by the Fresh Fruit and Vegetables Section will occur before payment is made.

Right of entry

You will usually receive notice of when an inspection is due to take place, but an unannounced visit may be carried out. You must grant access to authorised officers at all reasonable times, whether or not prior notification has been given. If a PO, the member or the relevant representative prevents an inspector from making a check, the application for aid will be rejected.

Following receipt of the inspection report

You will be notified of the outcome of the inspection visit.

If the report is satisfactory, security will be released, or payment made, as appropriate.

If the inspection visit is not satisfactory, we will write to you outlining the inspection findings. This may result in non-payment of claimed expenditure and potential sanctions. Further payments may not be made until the PO has taken corrective measures specified by the RPA (N.B. scheme administrative changes from 2026 scheme year).

Inspections on capital items

If POs have capital items with a write-down period which continues after the end of the operational programme, the item may still be inspected, even if the PO decides not to continue with the scheme. If any inaccuracies are discovered during an inspection or it is found that the item has been sold, recoveries against the PO will be considered.

Annex 1: Scheme forms

All of the forms listed below, and guidance to help you complete them, are available from the RPA – see Annex 3 for contact details.

You should complete all forms electronically and email them to FVNewcastle@rpa.gov.uk, except for the authorised email address form (FV1A) and the authorised signature form (FV8). You can complete these forms electronically, but you should print and sign them before sending them to the RPA. We will not accept photocopies of these forms.

If your PO is based in Scotland, you should forward all forms to the Scottish Government. Full contact details can be found at Annex 3 of this guidance.

Inspection visits

Authorised officials acting on behalf of the RPA will carry out ‘right of entry’, inspection visits to check that you are meeting the conditions for payment. You must grant access to authorised officials at all reasonable times, with or without prior notification.

Forms

- FV1 – Application for PO Recognition
- FV1A - Authorised email address
- FV2 – Application for APO Recognition
- FV3 – Application for an Operational Programme*
- FV4 – Application to amend an Existing Operational Programme*
- FV5 – Annual Report*
- FV6 – Annual/Advanced/Arrears Payment Request Form*
- FV7 – In-Year Amendments to Operational Programme*
- FV8 – Authorisation Form*
- FV10 – Request for Release of Security*
- FV12 – Changes to PO Membership

You can request a copy of the above forms from the Fruit & Veg team by emailing FVNewcastle@rpa.gov.uk.

* From September 2025, only the forms which reflect the switch from RPA to SGRPID including contact details to be used. These can be found on our website at www.ruralpayments.org under Fruit and Vegetable Aid Scheme.

Annex 2: Complaints and Appeals

We are committed to giving good customer service and we welcome your feedback because it helps us to improve.

For services or decisions related to Producer Organisation recognition process

If you are not satisfied with the service you have received or a decision we have made and you would like to complain, you can:

- call us on 03000 200 301
- email us at csc@rpa.gov.uk, or
- write to us.

You can also complain face to face with anyone representing RPA.

Complaints about our service

If you are not satisfied with the service you have received because of something we have or have not done and you would like to complain, please let us know as soon as possible.

You should set out the facts as fully as possible, including:

- what went wrong;
- when it happened;
- who you dealt with; and
- what you would like to happen next.

The more details we have, the better equipped we are to deal with your complaint.

Always remember to tell us your Trader Registration number and make sure you put it on all documents you send to us.

You also need to tell us:

- your daytime telephone number; and

- your preferred method of contact.

We will acknowledge receipt of your complaint by telephone. If we are not able to contact you, we will send you an email or letter. We will aim to resolve your complaint within 15 working days. If this is not possible, the person dealing with your complaint will contact you.

If you are not satisfied with the outcome, you can ask your MP to refer your complaint to the Parliamentary and Health Service Ombudsman.

Complaints about our decisions

If you are not happy with a decision we have made or think a decision is wrong, you can ask us to review it.

You should set out the facts as fully as possible, including:

- what decision you want to be explained or re-considered,
- the date of the decision,
- what you do not understand or why you disagree with a decision, and
- what outcome you are seeking.

If you want us to review a decision, you need to submit all the evidence you want to be considered so that we are equipped with all the facts. You can still introduce new evidence at any point in the process.

Always remember to tell us your Trader Registration number and make sure you put it on all documents you send to us.

You also need to tell us:

- your daytime telephone number, and
- your preferred method of contact.

We will acknowledge receipt of your request by telephone. If we are not able to contact you we will send an email or letter. We will aim to give you an explanation of the decision or the outcome of our review within 15 working days. If this is not possible, the person dealing with your request will contact you to agree a proposed plan to resolve your complaint, which may include passing it on for further consideration.

Appeals against a review decision

You can appeal against any decision we make that affects your entitlement to, or liability for, payments or your ability to participate in a particular scheme.

After the decision review process outlined above, if you are still not satisfied with the outcome and you want to appeal, you will need to fill in an [Appeal Form \(CA1\)](#). You can complete the form electronically and email it to us, or print one and send it to us by post.

If you can't access the form online, you can request one from our Customer Service Centre by calling us on 03000 200 301 or email us at csc@rpa.gov.uk.

Initially you'll have to pay £100 towards the appeal panel costs. We'll refund this money if your appeal is fully or partially successful.

For more information read the [Complaints and Appeals Guidance](#) on GOV.UK or request a copy from our Customer Service Centre.

For complaints regarding services or decisions not related to the Producer Organisation recognition process i.e. scheme administration by SGRPID

You can:-

- call SGRPID on 0300 244 5400
- email us at FVAS@gov.scot or
- write to us.

You can also complain face to face with anyone representing SGRPID.

Full details of the complaints process can be found:-

<https://www.ruralpayments.org/topics/apply-for-funding/complaints>

If we have written to tell you we have already – or soon will – refuse, reduce or recover your payment and you are not sure why we have made this decision, you should urgently contact your area office for more information.

N.B. There is currently no statutory right to appeal for Scottish POs involved in FVAS.

Annex 3: Contact details

Rural Payments Agency

FOR ANY PO RECOGNITION RELATED BUSINESS

Rural Payments Agency
Fresh Fruit and Vegetables Section

Please note the Scheme Administration Changes from September 2025 cover page

Rural Payments Agency
Lancaster House
Hampshire Court
Newcastle upon Tyne
NE4 7YH

FVNewcastle@rpa.gov.uk

Agency website at www.gov.uk/rpa

Telephone: 03000 200 301

Agriculture Departments

FOR ANY SCHEME (NON PO RECOGNITION) RELATED BUSINESS

The Scottish Government
Rural Payments and Inspections Division
Strathearn House
Broxden Business Park
Lamberkine Drive
Perth
PH1 1RX

FVAS@gov.scot

Telephone: 0300 244 5400

Annex 4: The Strategy: Actions table

Actions that may be included in operational programmes

[The National Strategy and its Environmental Framework document](#) identifies specific actions and a non-exhaustive list of actions on pages 34 to 64.

We will consider detailed proposals from POs for other actions to further their programme objectives.

Annex 5: Environmental framework

The annex on page 80 to 107 of the [National Strategy and its Environmental Framework document](#) outlines environmental activities which are permitted.

Annex 6: List of operations and expenditure not eligible and eligible under operational programmes

List of actions and expenditures not eligible under operational programmes referred to in Article 31(1) of R2017/891

1. General production costs and, in particular, costs for (even certified) mycelium, seeds and non-perennial plants; plant protection products (including integrated control materials); fertilisers and other inputs; costs of collection or transport (internal or external); storage costs; packaging costs (including use and management of packaging), even as part of new processes; operating costs (in particular electricity, fuel and maintenance).
2. Administrative and personnel costs with the exception of expenditure relating to the implementation of operational funds and operational programmes.
3. Income or price supplements outside crisis prevention and management.
4. Insurance costs outside the harvest insurance measures referred to in Section 7 of Chapter III of Title II.
5. Reimbursement of loans taken out for an operation carried out before the beginning of the operational programme other than those referred to in Article 38.
6. Purchase of land not built on costing more than 10 % of all the eligible expenditure on the operation concerned.
7. Costs of meetings and training programmes not related to the operational programme.
8. Operations or costs relating to the quantities produced by the members of the producer organisation outside the United Kingdom.
9. Operations that could distort competition in the other economic activities of the producer organisation.
10. Investments in means of transport to be used for marketing or distribution by the producer organisation.
11. Operating costs of goods hired.
12. Expenditure linked to leasing contracts (taxes, interest, insurance costs, etc.) and operating costs.
13. Subcontracting or outsourcing contracts relating to the operations or expenditure mentioned as not eligible in this list.

14. Value added tax (VAT) except where it is non-recoverable under applicable VAT legislation.

15. Any taxes or fiscal levies.

16. Interest on debt except where the contribution is made in a form other than a non-repayable direct assistance.

17. Investments in shares or capital of companies if the investment represents a financial investment.

18. Costs incurred by parties other than the producer organisation or its members and associations of producer organisations or their producer members or subsidiaries in the situation referred to in Article 22(8).

19. Investments or similar types of actions not on the holdings and/or premises of the producer organisation, association of producer organisations, or their producer members or a subsidiary in the situation referred to in Article 22(8).

20. Measures outsourced by the producer organisation or their associations outside the United Kingdom, except where a promotion is implemented outside the United Kingdom according to Article 14 of Implementing Regulation (EU) 2017/892.

21. Export credit linked to actions and activities aimed at diversification and consolidation on the fruit and vegetable markets, whether for prevention or during a crisis period.

Non-exhaustive list of actions and expenditure eligible under operational programmes referred to in Article 31(1) of R2017/891

1. Specific costs for:

- quality improvement measures;
- biological plant protection materials (such as pheromones and predators) whether used in organic, integrated or conventional production;
- environmental actions referred to in Article 33(5) of Regulation (EU) No 1308/2013;
- organic, integrated or experimental production, including specific costs for organic seeds and seedlings;
- monitoring of compliance with the standards referred to in Title II of Implementing Regulation (EU) No 543/2011, with plant-health rules and with maximum level of residues.

Specific costs shall mean the additional costs, calculated as the difference between the conventional costs and the costs actually incurred, and income foregone resulting from an action excluding additional income and costs savings.

2. Administrative and personnel costs relating to the implementation of operational funds and operational programmes which shall include:

(a) overheads specifically related to the operational fund or operational programme, including management and personnel costs, reports and evaluation studies, and the costs of keeping accounts and the management of accounts, by means of the payment of a standard flat rate up to a maximum of 2 % of the operational fund as approved in accordance with Article 33 and up to a maximum of EUR 180 000 , comprising both the financial assistance referred to in Articles 32(1)(b) and 34 of Regulation (EU) No 1308/2013 and the producer organisation contribution.

In the case of operational programmes submitted by recognised associations of producer organisations, overheads shall be calculated as the addition of the overheads of each producer organisation as provided for in the first paragraph but limited to a maximum of EUR 1 250 000 per association of producer organisations.

Nothing in this Regulation prevents the appropriate authority from restricting funding to the real costs, in which case it should define the eligible costs;

(b) personnel costs including legally compulsory charges linked to wages and salaries, if these are directly borne by the producer organisation, association of producer organisation or subsidiaries in the situation referred to in Article 22(8) subject to approval by the appropriate authority, by cooperatives which are a member of the producer organisation, resulting from measures:

- (i) to improve or maintain a high level of quality or environmental protection;
- (ii) to improve the level of marketing.

The implementation of these measures shall essentially involve the use of qualified personnel. If, in such cases, the producer organisation uses its own employees or producer members, the time worked shall be documented.

(c) legal and administrative costs of mergers of producer organisations, feasibility studies and proposals commissioned by producer organisations in this respect.

3. Costs of meetings and training programmes where they are related to the operational programme, including daily allowances, transport and accommodation costs.

4. Promotion of:

- brands/trademarks of producer organisation, associations of producer organisations and subsidiaries in the situation referred to in Article 22(8),
- generic promotion and promotion of quality labels,
- costs for promotional printing on packaging or on labels under any of the first and second indents on the condition that it is provided for in the operational programme.

Geographical names are allowed only if:

(a) they are a protected designation of origin or a protected geographical indication, covered by Regulation (EU) No 1151/2012 of the European Parliament and of the Council ; or

(b) in all cases where point (a) does not apply, these geographical names are secondary to the principal message.

6. Purchase of land not built on where purchase is necessary to carry out an investment included in the operational programme provided it costs less than 10 % of all the eligible expenditure on the operation concerned; in exceptional and duly justified cases, a higher percentage can be fixed for operations concerning environmental conservation.

7. Purchase of equipment, including second hand equipment provided it has not been purchased with support from European Union or public funds in a period of seven years preceding the purchase.

8. Investments in means of transport where the producer organisation duly justifies to the appropriate authority that the means of transport shall only be used for transport internal to the producer organisation; and investments in additional on-the-truck facilities for cold-storage or controlled atmosphere transport.

9. Leasing, including of second-hand equipment which has not received support from European Union or public funds in a period of seven years preceding the leasing, within the limits of the net market value of the item.

10. Hire of equipment or other items where economically justified as an alternative to purchase, at the approval of the appropriate authority.

11. Investments in shares or capital of companies contributing directly to the achievement of the goals of the operational programme.

12 This provision has been deleted.

13. Costs related to the negotiation and to implementation and management of third country phytosanitary protocols in the United Kingdom if borne by the producer organisation or association of producer organisations as a part of crisis prevention and management measures referred to in Article 33(3)(c) of Regulation (EU) No 1308/2013, except for reimbursement of third country expenses.

14. Costs related to promotion and communication measures referred to in Article 14 of Implementing Regulation (EU) 2017/892. Eligible costs under these measures shall be costs related to the organisation and participation in promotion and information events, including public relations work, promotion and information campaigns and may take the form of participation in events, fairs and exhibitions of national, and international importance. Costs related to technical advisory services

Please note the Scheme Administration Changes from September 2025 cover page

are eligible if they are necessary for the organisation or participation of these events or for promotion and information campaigns.

Annex 7: Glossary

Action

A specific activity aimed at achieving an objective under the operational programme. A list of actions can be found at Annex 4 and 5 of this guidance.

Annual Report

An annual report must be submitted by the PO on form FV5 each year along with the application for aid. It must be received by 15 February.

Annual Statistical Return

All recognised POs must submit a statistical return of their throughput in the previous calendar year to the RPA using form FV5. This is requested by the Agency each year and will show the volume and value of produce handled by the PO. This information is sent to the European Commission for statistical and monitoring purposes.

Association of Producer Organisations (APO)

A voluntary, legally constituted group of recognised POs who wish to submit a joint operational programme or to combine for part of their programmes.

Baseline Indicator

An indicator identifying the starting position of the PO in relation to the programme.

By Product

A by-product means a product which results from preparation and/or processing of a fruit or vegetable product which has a positive economic value but is not the main intended result.

Ceiling on Aid

An individual ceiling on aid is applied to each PO with an operational programme. This is a fixed ceiling set at 4.1% of the value of the marketed production (VMP) based on the relevant reference period or 50% of eligible expenditure, whichever is lowest. An additional 0.5% of aid is available solely for crisis prevention and management measures. POs who are at or near the maximum ceiling of 4.1% can

claim this additional funding. POs will not be able to claim more than 4.6% of their VMP figure.

Direct Sales

These are sales by members of a PO sold directly to consumers for their personal needs (for example, farm gate sales, farm shops sales, or pick your own). Such sales are subject to the agreement of the PO and must be in compliance with Regulatory and PO rules.

Evaluation Report

In the last but one year of the operational programme, a report must be submitted. It takes the form of an assessment of the entire programme. The assessment, which may be prepared with the assistance of a specialist consultant, must verify the attainment of objectives set for the programme and, where appropriate, suggesting changes to operations.

Item of Expenditure

An action taken under the operational programme and forming part of a measure.

Marginal Sales

These are sales by a PO member either marketed themselves or through another PO designated by their own organisation which are marginal in relation to the volumes marketable by their own organisation. Such sales are subject to the agreement of the PO and must be in compliance with Regulatory and PO rules.

Marketable Production

This is the figure that is used in assessing eligibility for recognition. It includes marginal and direct sales by members.

Marketed Production

This is the product of members of the PO that is marketed through that PO. This is used to calculate the ceiling on grant payable to the PO.

Marketed Production Reference Period

An annual period on which the marketed production of a PO is calculated. In the UK the reference period is the accounting period for the PO.

Measure

A measure means one of the following:

- actions aimed at planning of production, including acquisition of fixed assets
- actions aimed at improving or maintaining product quality, including acquisition of fixed assets
- actions aimed at improving marketing, including acquisition of fixed assets, as well as promotion and communication activities, other than promotion and communication activities falling under crisis management
- research and experimental production, including acquisition of fixed assets
- training actions, other than training falling under crisis management and actions aimed at promoting access to advisory services
- environmental actions as referred to in Article 33(5) of Regulation (EU) No 1308/2013 (as amended), including acquisition of fixed assets
- other actions, including acquisition of fixed assets other than those falling under points above which fulfil one or more of the objectives referred to in Article 33(1) of Regulation (EU) No 1308/2013 (as amended)
- crisis prevention and management instruments listed in The Strategy

The Strategy

A Strategy for sustainable operational programmes in the fruit and vegetable market. The strategy is owned by Defra and includes an analysis of the current situation in the fruit and vegetable sector within the UK, priorities for moving the sector forward, objectives of operational programmes and performance indicators and reporting obligations for POs.

Operational Fund

A fund held in a separate PO bank account which has income from members' contributions and aid payments for operational programmes. This fund is used to pay for expenditure incurred on the operational programme.

Operational Fund Contributions

Contributions made to the operational fund account by members. The rate of contributions must be set at a level which will ensure that the PO can match the funding for the operational programme.

Operational Programme

A business plan submitted by the PO which aims to improve the performance of the PO and its members in terms of product quality, marketing and environmental conditions by implementing a series of measures addressing certain objectives at the beginning of the programme. It is financed from the operational fund and is eligible for funding, subject to ceilings on aid. All programmes are subject to approval by the RPA.

PO Member

Growers of crops falling within the Fresh Fruit and Vegetables Aid Scheme, who have signed membership agreements committing them to sell their produce through the PO.

Membership can also be extended to include:

- retired members (these may retain honorary or associate status)
- people who do not grow fruit and vegetable crops for sale through the PO (their membership is allowed on the condition that there is no conflict of interest between them and the business of the PO)
- non-growers whose interests are the same as the PO, for example, Managing Director or independent chairman of Board of Directors (their membership is allowed on the condition that there is no conflict with any other business interest).

Please note: the minimum level of membership and turnover for recognition purposes must only be based on growers of crops for which the PO is recognised. In addition, only members who grow recognised crops and market them through the PO may contribute to the operational fund or benefit directly or indirectly from it.

Recognition

Status granted by national authorities to POs who meet all the eligibility criteria set out in the Regulations. Only recognised POs may implement operational programme.

Subsidiary

Means a company in which one or more POs or APOs have taken shares or constituted capital and which contributes to the objectives of the PO/APO.