

# Rural Development: Food Processing, Marketing and Co-operation full guidance

## Full guidance for the Food Processing, Marketing and Co-operation grant scheme

### 1 Introduction, aims and objectives

An overview of the scheme and what it aims to achieve

### 2 Eligibility

Check to see if you or your business are eligible for this scheme

### 3 Rates and limits of grants

Check how much funding you can apply for

### 4 Eligible costs

Find out what costs you can claim for from this scheme

### 5 Capital projects - completing an application

Guidance on how to complete a capital projects application to this scheme

### 6 Non-capital projects - completing an application

Guidance on how to complete a non-capital projects application to this scheme

### 7 Applications and approval process

Information on how we will process and consider your application

### 8 Claims guidance

Guidance on how to submit a claim

### 9 Conditions of grant – Capital and Non-Capital Projects

Conditions you will need to meet should you receive funding support

### 10 Variations

What to do if you need to alter the amount of funding you'd like to claim

### 11 Inspections and verification

Information on what checks we'll make and penalties that may apply

### 12 Appeals and complaints

How you can appeal a decision or make a complaint

### 13 Technical guidance

Detailed guidance on how we define agricultural products

### 14 List of eligible agricultural products

The list of eligible agricultural products included in Annex I of article 38

### 15 Eligible and ineligible cost examples

Examples of what sort of claims are eligible and ineligible for support

### 16 Regulations

Regulations that govern this funding scheme

# 1 Introduction, aims and objectives

Date published: 4 August, 2021

## Table of Contents

You must not start work on your project before receiving a grant offer letter confirming your application has been successful.

Preliminary costs, such as architects, planning and building warrants, may be incurred before you receive your grant offer, but will not be eligible for grant support if incurred before the date our grant offer has been issued.

These guidance notes are intended to provide an overview of the application process and the areas of expenditure which can be supported. However, they do not cover every situation or provide exhaustive commentary.

For further information please contact us:

[FoodProcessingGrant\\_Enquiries@gov.scot](mailto:FoodProcessingGrant_Enquiries@gov.scot)

Telephone: Telephone: 0300 244 9146

The Food Processing, Marketing and Co-operation Grant Scheme (FPMC) aims to support Scotland's journey towards becoming a Good Food Nation.

This will be achieved through providing assistance to the food and drink sector in line with Scottish Government policy priorities.

**Applicants should be aware that FPMC now operates as a single year scheme, and as such all projects must be completed, with final claims submitted by the end of the financial year in which the grant was awarded.**

## The Good Food Nation vision

Scottish Ministers remain committed to the concept and reality of achieving our vision of Scotland as a Good Food Nation where:

- it is the norm for Scots to take a keen interest in their food, knowing what constitutes good food, valuing it and seeking it out whenever they can
- people who serve and sell food – from schools to hospitals, retailers, cafes and restaurants – are committed to serving and selling good food
- everyone in Scotland has ready access to the healthy, nutritious food they need
- dietary-related diseases are in decline, as is the environmental impact of our food consumption
- Scottish producers ensure that what they produce is increasingly healthy and environmentally sound

We are working hard to make a real and positive difference to the lives of the people of Scotland by:

- helping to improve their access to, and understanding of, the benefits of healthy local foods
- ensuring sustainability of our wonderful food industry
- ensuring food companies are a thriving feature of the economy and places where people want to work
- looking to grow Scotland's reputation as a Good Food Nation from which other countries can learn

[National Food and Drink Policy](#)

## National Performance Framework

Applications to this scheme should recognise the Government's National Performance Framework, the Programme for Government and Scotland's Economic Strategy.

[National Performance Framework and Programme for Government](#)

## Scottish Rural Development Programme 2021 - 2024

FPMC is funded through the Scottish Rural Development Programme (SRDP), this scheme helps Scottish food and drink processors and manufacturers to:

- add value to Scotland's food and drink production
- innovate and develop new products and packaging

- increase vertical and horizontal co-operation, including working with retailers and the hospitality and food service sector
- shorten and increase sustainability of supply chains
- identify, inform and better serve current/access new markets

There is a continued need to consider novel practices and processes and to develop new products and technologies throughout the food and drink supply chain.

This will help address the challenges of how to increase food productivity and improve diet by aligning consumption closer to the [Revised Dietary Goals for Scotland](#)

This scheme will provide support for innovation in the food and drink sector where this is aligned with the aspirations of the Good Food Nation. This could include projects that aim to:

- improve efficiency of production
- maximise nutritional quality (further information below under How to complete your application) of manufactured standard food and drink products
- trial new uses for by-products

Funding could also provide support for business preparedness in identifying and preparing for market or export.

Rising resource risks and the growing recognition of the economic value being lost during food and drink production have raised the need to promote the circular economy and share facilities and resources.

This scheme will provide support for increased co-operation amongst operators, which could improve the resilience of the food and drink sector. It will also support the promotion of shortened supply chains, as a means to improve the economic performance, flexibility and the environmental sustainability, of the food and drink sector.

There is an increasing interest in local food and its important contribution to the economy.

Its success lies in ensuring collaboration throughout the supply chain – from seed to plate – and outwith the supply chain, between primary producers and research institutions or between manufacturers and higher education institutes.

This could include ensuring clear labelling to indicate the provenance of produce, or ensuring appropriate skilled resource is available.

It could also include the development and promotion of food and drink tourism and local markets, as a vital contribution to local economic growth.

## FPMC Funding can

- support capital costs of businesses involved in the processing of primary agricultural produce to develop new, and improve existing, processing facilities
- support non-capital costs towards the wider development of new food and drink businesses (for example consultancy costs)
- support co-operation activity between food and drink producers/manufacturers and third parties (e.g. retailers, research community, hospitality and food service sector)
- support marketing at National/International trade shows/fairs
- support innovation – including clusters, process and organisation
- support training – However this does not include training to comply with national mandatory standards on training

## Your information

If you apply for this scheme, we will ask you for a variety of details to do with you and your business. You can find out more about how we will store and use this information by reading our privacy policy.

[Privacy policy](#)

[Back to top](#)

## Download guidance

Click 'Download this page' to create a printable version of this guidance you can save or print out.

| Section  | Change  |
|--|---|
| <a href="#">Available support heading changed name to - FPMC Funding can</a> | <p>Further details added</p> <p>support non-capital costs towards the wider development of new food and drink businesses (for example feasibility studies and consultancy costs)</p> <p>support co-operation activity between food and drink producers/ manufacturers and third parties (e.g. retailers, research community, hospitality and food service sector)</p> <p>support marketing (including Fairs and Shows)</p> <p>support innovation – including clusters, process and organisation</p> <p>support training</p> |

## 2 Eligibility

**Date published: 14 July, 2015**

Updates to last version:

- more eligibility detail for Annex I added

### Introduction

Only businesses involved in the processing of agricultural produce into food and drink products can apply to this scheme for support.

A list of eligible agricultural inputs (such as potatoes) and outputs (such as crisps) is covered by:

- Annex I of Article 38 of the European Treaty on the Functioning of the European Union

You can find out more about the list in the technical guidance section of this document and a copy of it in the list of eligible agricultural products section.

### Technical guidance

#### List of eligible agricultural products

The scheme is open to applications from:

- individuals
- constituted groups
- businesses that process agricultural products into food products or are involved in collaborative working within the food chain

Large, medium, small and micro enterprises are all eligible

However large enterprises are only eligible where both their input and output is covered by Annex I.

If a small proportion (less than 20%) of your outputs are non-Annex I, the total outputs may be considered to be Annex I for grant funding purposes. In these circumstances you may wish to complete the pre-application form in advance of the full application for clarification as the maximum rate of grant you could be eligible for will vary.

Further details can be found in the technical guidance (link above).

Businesses which have received convictions for offences under either the Agricultural Wages (Scotland) Act 1949, or the National Minimum Wage Act 1998 within the past 12 months will not be eligible to apply for FPMC funding.

If your project relates to maritime or fishery products further information can be found on the [Scottish Government website](#).

Alternately you can contact the Fisheries Grants Team directly:

Fisheries Grants Team  
Area 1B North  
Victoria Quay  
Edinburgh  
EH6 6QQ  
Tel: 0131 244 6089  
Fax: 0131 244 6512  
Email: [EMFF@gov.scot](mailto:EMFF@gov.scot)

### Download guidance

Click 'Download this page' to create a printable version of this guidance you can save or print out.

# Previous versions

[Previous versions of this page](#)

## 3 Rates and limits of grants

Date published: 21 July, 2016

For recent changes to this guidance, please [check the bottom of the page](#)

### Introduction

The maximum rate of grant your business will be eligible for is determined by the size of the business: large, medium, small or micro **and** by the activity or products your business produces.

#### Capital grants – investments in physical assets

| Business size     | <sup>1</sup> Annex I inputs to <sup>1</sup> Annex I outputs | <sup>1</sup> Annex I inputs to <sup>2</sup> Non-annex I outputs |
|-------------------|---|---|
| Large enterprise  | 40%   | Ineligible  |
| Medium enterprise | 40%   | 10%   |
| Small enterprise  | 40%   | 20%   |
| Micro enterprise  | 40%   | 20%   |

<sup>1</sup> Annex I – products are agricultural products as defined in Annex I of the Treaty of the Functioning of the European Union. More detailed information can be found in:

[Eligibility](#)

[Technical guidance](#)

[List of eligible agricultural products](#)

<sup>2</sup> Non-Annex I – if your output is not an Annex I product, then medium, small and micro companies are eligible but the grant rate is lower. If a negligible element of your outputs are non-Annex I, overall the outputs may be considered to be Annex I for grant funding purposes.

In these circumstances you may wish to complete the pre-application form in advance of the full application for clarification as the maximum rate of grant you could be eligible for will vary.

#### Non-capital grants (including co-operation)

Co-operation Groups & Ventures

| Size of enterprise | Co-operation | Feasibility |
|--------------------|--------------|-------------|
| Micro/small        | 60%          | 70%         |
| Medium             | 50%          | 60%         |
| Large              | 40%          | 50%         |

### Other Non-Capital projects

| Size of enterprise | Consultancy | Fairs and shows (national events only) (1) | Innovation (including clusters, process and organisation) (2) | Training (3) |
|--------------------|-------------|--|---|--------------|
| Micro/small        | 50%         | 50%  | 50%   | 70%          |
| Medium             | 50%         | 50%  | 50%   | 60%          |
| Large              | Nil         | Nil  | 15%   | 50%          |

(1) Projects that are focussed on attending regional and local fairs and shows should contact their local LEADER team to discuss support options

(2) Alternatively 100% for SMEs where costs do not exceed €200,000 per undertaking within any three year period, under state aid de-minimis arrangements 325,000 Special Drawing Rights in a 3 year period. Please contact the Food & Drink Grants Team to discuss this

(3) Where training is given to workers with disabilities or disadvantaged workers, the aid intensity may be increased by 10% up to the maximum aid of 70%

## Recent changes

| Section            | Change            |
|--------------------|-------------------|
| Non-capital grants | Addition of rates |

## Previous versions

[Previous versions of this page](#)

## Download guidance

Click 'Download this page' to create a printable version of this guidance you can save or print out.



## 4 Eligible costs

**Date published: 4 August, 2021**

For recent changes to this guidance, please [check the bottom of this page](#) .

### Capital Projects

The types of cost to be supported will be investment in tangible and intangible assets, for example:

- construction and acquisition of property or land – the cost associated with purchase of land is restricted to 10 per cent of the overall project costs
- refurbishment of property
- purchase of new and secondhand (details below) machinery and equipment, including computer hardware and software, telecommunication systems etc
- directly related preliminary costs, such as fees relating to design (architects, engineers, consultants etc), planning and building warrant etc. Professional and technical costs, such as those listed, are restricted to 12 per cent or less of the overall project costs

This list is not exhaustive. Examples of eligible and ineligible costs are available in the examples section.

You must not start work on any aspect of your project, with the exception of preliminary costs, before receiving notification of grant award.

Preliminary costs can be incurred before the notification of grant award, but will only be eligible for claims if incurred after the grant award notification date.

If other costs are incurred prior to notification of grant award your project will be ineligible and the grant offer will be withdrawn and any funding released will be recovered.

#### Examples

### Non-capital projects

Non-capital projects could be:

- costs towards the wider development of new food and drink businesses (for example consultancy costs).
- co-operation activity between food and drink producers/manufacturers and third parties. (e.g. retailers, research community, hospitality and food service sector).
- marketing at National/International Trade Fairs/Shows.
- innovation – including clusters, process and organisation .
- training – not training to comply with national mandatory standards on training.

### Secondhand equipment

The purchase of secondhand equipment by small or medium enterprises (SMEs) is allowed under the scheme under the following conditions:

- the seller of the equipment must provide a declaration stating its origin, and confirm that at no point during the previous seven years has it been purchased with the aid of national or EU grants
- the price of the equipment must not exceed its market value and must be less than the cost of similar new equipment

The equipment must have the technical characteristics necessary for the operation and comply with applicable norms and standards.

### Recent changes

| Section                              | Change   |
|--------------------------------------|--|
| <a href="#">Non-capital projects</a> | Additional examples added for non-capital projects |

### Previous versions

[Previous versions of this guidance](#)

## [Download guidance](#)

Click 'Download this page' to create a printable version of this guidance you can save or print out.

# 5 Capital projects - completing an application

**Date published: 9 May, 2022**

For recent changes to this guidance, please [check the bottom of the page](#)

## Table of Contents

The form this guidance refers to can be found in our forms section.

### [Forms](#)

**If you require more space to enter your answers, then please use the Capital Projects Additional Information sheet which can be found within the forms section.**

## Part 1 - Your details

### **Question 1.1**

You must make sure that your business is registered with the Rural Payments and Inspections Division (RPID) and has a valid Business Reference Number (BRN) before you apply for grant. If you are not registered and do not have a BRN, you will not be eligible for funding.

### [Business registration](#)

If you need any assistance in using the new online system, you can get in touch with your local area office and book an appointment to learn more about Rural Payments and Services.

### [Help getting online](#)

### **Question 1.2**

If you wish an alternative person within the business to be the responsible person (i.e. main contact) for your application queries please provide their details and ensure that you have completed the PF05 (details at Q1.1 above).

### **Question 1.3**

If an advisory firm has assisted in the preparation/completion of your application please provide their details. Also confirm whether you wish them to be the responsible person (i.e. first point of contact) for your application.

## Part 2 - Current business information

### **Question 2.1 – Connections to Russia/Belarus**

You are required to disclose whether your business retains any links to Russia and/or Belarus. For the purposes of the FPMC Grant Scheme, a business is considered to be linked to Russia and/or Belarus if:

- it is constituted or organised under the law of Russia or Belarus;
- it is registered in the UK or another country or has substantive business operations in the UK or another country but is controlled by an entity based in Russia or Belarus (e.g. by a parent company or by 'Persons of Significant Control')

A Person or Significant Control includes a person who owns more than 25% of shares in the company, and/or has more than 25% of voting rights in the company, and/or has the right to appoint or remove the majority of the board of directors.

If the application involves several partners then this applies to all businesses involved in the partnership.

**If your business does have connections to Russia/Belarus, your application will be subject to further advice and may be rejected on those grounds.**

### **Question 2.2 - Compliance with Employment Law**

You must disclose whether or not you or your business have been convicted of any offences under Agricultural Wages (Scotland) Act 1949, or the National Minimum Wage Act 1998 within the last 12 months.

This applies to the business as a whole and to any company or individual with an ownership stake in the business applying for funding.

If the application involves several partners then this applies to all businesses involved in the partnership.

**If you answer "yes" to this question, then you will not be eligible for FPMC funding.**

### **Question 2.3 - Sector**

You are required to provide information on the main agricultural sector which your business supports; this is primarily based on the main agricultural inputs such as cereal, milk, poultry, fruit and vegetables, meat etc. Examples:

- cheese products mainly support the dairy sector
- whisky and beer products mainly support the cereal sector
- abattoirs and meat processors mainly support the meat sectors (you must indicate whether the main sector is beef, pork or poultry)

If your business supports an alternative meat product, such as venison, this should be detailed as "other".

### **Question 2.4 – Business or enterprise size**

The size of your business affects the maximum rate of public funding that you are entitled to. To determine your business or enterprise size, please use the definitions found on the [European Commission website](#).

The different business or enterprise sizes are defined by turnover in euros, balance sheet and number of employees. If you need to, you can convert your turnover and balance sheet information to euros by using a [currency conversion tool \(EC website\)](#).

### **Question 2.5 - Turnover and employment details of business applying for funding**

You should provide details of the business financial year end (date) and details of your current turnover and assets.

Your application requires to be supported by the finalised or audited accounts for the last three years, taking into account the following (unless your business is a start-up business):

- where the business financial year has ended more than six months before the application submission, three years audited accounts are required which must include the most recent financial year
- where the financial year has ended less than six months from the application submission date, three years audited accounts must be submitted (which may not include the most recent year ending)

Unaudited accounts and/or management accounts should be submitted where the most recent year audited accounts are not available to help demonstrate the business's current financial position

Where the business does not require to prepare audited accounts a financial statement prepared by an accountant should be submitted for the same duration indicated above.

You should also provide details of the current employment figures, detailing full time, part time and seasonal employees (unless your business is a start-up business).

Conversion to full-time equivalent (FTE) should be carried out as follows:

- full-time job (FT) = 30 hours or more per week
- part-time job (PT) = 15 hours or more per week
- two part-time jobs of 15 hours or more per week = one FTE
- seasonal jobs = equivalent to 0.25 FTE

### **Question 2.6 – Holding or parent company**

Where your business is part of a larger group (i.e. has a parent or holding company) you should provide details of the parent or holding company's financial year end, turnover, employees and the most recent finalised/audited accounts.

**Question 2.7 - Other public funding previously awarded/received**

Where you have previously been awarded funding from any public body details should be provided, including:

- who the funding was from
- when it was awarded
- amount of award
- a brief description of what that funding was towards. You must also indicate whether the funding was awarded under de minimis

De minimis aid is used to describe small amounts of state aid that do not require European Commission approval, as the Commission considers that public funding which complies with the de minimis regulation has a negligible impact on trade and competition.

The total de minimis aid which can be given to a single recipient is €200,000 over a three-year fiscal period.

This ceiling includes all public assistance given as de minimis funding over the previous three fiscal years - grants, loans, subsidised contracts and so on.

If you are unsure whether a grant was awarded under de minimis, please contact the awarding body who will be able to confirm.

Funding awarded from this scheme between 2007–2013 was not awarded under the de minimis rules. However some awards under the 2014–2020 programme, in limited circumstances, may be.

You will be informed if an FPMC award was made under de minimis. However, if you are unsure, please contact us and we will be able to confirm

**Under the terms of the Trade & Cooperation Agreement between the UK and EU, we must apply a new de-minimis limit of 325,000 Special Drawing Rights (SDR).**

**Any de minimis aid you have received will be converted into SDR, using the rate which applied on the date the grant was awarded, and the amount will be deducted from the new ceiling.**

**Question 2.8 - Equal opportunities**

You should provide details on what you have done to consider equal opportunities within your business. The [Scottish Government website](#) has more information on equalities.

[Back to top](#)

## **Part 3 - Details of proposed project**

**Question 3.1 Business plan**

A business plan may help support your application, although it is not mandatory. You may have prepared one for other purposes and we would suggest you include it in your application, with appropriate references.

**Question 3.2 – Summary of business**

You should provide details of your current business and include some background information. This could include, for example, your history, structure and market sector information, business aims and objectives for growth and development.

**Question 3.3 – Address of project site including postcode**

If relocating your business to a new site or if the site for the proposed project is different from the main location of your business, then you should provide details of the new site's location and address.

**Question 3.4 – New project**

You should provide details of your proposed project, which includes details of the work you propose and why it is required. If the project involves replacement or refurbishment of existing facilities, include details of why this is necessary.

**Question 3.5 – Need for funding**

Funds are limited and we must therefore make sure that support is directed only to those projects that require it to proceed. Legislation requires that the “incentive principle” (or “additionality”) is met in all

cases. Failure to meet this requirement during the grant appraisal process will result in your application being rejected.

In support of your application, you must provide an investment appraisal or financial statement which addresses the question: "Is FPMC funding essential for the project to take place?"

You may prepare the appraisal yourself but you may find it appropriate to use the business's finance director/ company accountant (if available) or external financial advisor. If appropriate, this should be considered and endorsed at board level. It will be insufficient to simply state that support is required to allow the investment to take place.

The following section provides information of the main issues to be covered in the investment appraisal/ financial statement:

### **'Additionality'**

Government finance rules on appraisal indicate that additionality is present when something happens as a result of an intervention (e.g. a government grant) that would not have occurred in the absence of that intervention.

At its simplest level, additionality rules are met when you provide evidence to show the project would not proceed without funding. It can also be met however where the intervention allows the project to proceed more quickly or to a greater extent than would otherwise be the case were there no intervention.

Clear and verifiable evidence from a quantitative and/or qualitative perspective should be provided to demonstrate additionality, i.e. that it 'procures' tangible outputs/deliverables in support of SRDP / FPMC objectives that could, for example, be:

- undertaken at a larger scale than had the grant support not been provided, or
- carried out to a higher standard than would otherwise be affordable, or
- deliver to more beneficiaries, or
- deliver multiple outcomes, or
- be undertaken within a geographical area of particular policy concern

Evidence should be provided to indicate what steps have been taken to fund the project without grant aid. Information should be submitted to indicate what steps were taken to secure commercial lending – this could include copies of correspondence with potential lenders.

If commercial lending was available to support the investment – with or without use of own funds – then the project would be ineligible for grant aid. The financial "health" of your business will also be assessed to allow a view to be taken on your need for FPMC funding.

### **Question 3.6 – Employment**

You should provide details of the number of existing jobs maintained and new jobs created as a result of this project. You also have the opportunity to provide any other information you feel supports your application regarding employment/recruitment such as consideration of youth employment, living wage etc.

### **Question 3.7 - Fair Working Practices**

Please set out the fair working practices already in place within your business. You may wish to use the Scottish Government's Fair Work First Policy (detailed below) as a framework for your answer.

### **Question 3.8 - Fair Work First**

Fair Work First is the Scottish Government's flagship policy for driving high quality, and fair work across the labour market in Scotland by applying fair work criteria to grants, other funding, and contracts being awarded by and across the public sector, where it is relevant to do so. Through this approach the Scottish Government is asking employers to adopt fair working practices

The five pillars of the Scottish Government's Fair Work First Policy are:

- **appropriate channels for effective voice, such as trade union recognition;**
- **investment in workforce development;**
- **no inappropriate use of zero hours contracts;**

- **action to tackle the gender pay gap and create a more diverse and inclusive workplace; and**
- **payment of the real Living Wage.**

The Scottish Government has produced further guidance on the Fair Work First Policy and how it can be applied to organisations of varying size and type, and it is recommended that you read this before answering the questions in the application form.

The guidance can be found in the [Fair Work section of the Scottish Government website](#)

Within your application form you should tell us how you will embed fair working practices within your organisation over the course of the grant. **The actions which you list on your application form will become specific conditions of grant should your application be successful.**

Additionally, you are required to submit with your supporting documents, a brief statement, confirming your organisation's commitment to fair work. If applicable, you should ensure that this is signed off by either a trade union official, or an employee representative where no trade union is present.

### **Question 3.9, 3.10 and 3.11 – Inputs, existing outputs and additional new outputs as a result of the project**

To be eligible for funding, your Annex I raw inputs (ingredients) must be at least 90 per cent, by value or volume, of the total ingredients relevant to the project costs. Both value and volume details required to be provided and in metric amounts (kilograms / tonnes or litres etc.) and also by monetary value (sterling).

Combined inputs, which include both solids and liquids, will be converted by us to a standard unit. If they account for less than 90 per cent of the total, then the project will be ineligible for funding.

In assessing whether a project meets the required 90 per cent Annex I input eligibility criterion the assessment will be based on either weight or monetary value – whichever is the more beneficial to you.

If funding is sought for a new factory, the total annual raw inputs are required. Where funding is sought for specific items of equipment, only the raw inputs for the products using the new equipment will be required.

The information you provide may be monitored for the duration of the grant control period if your application is successful.

### **Outputs**

If a negligible element of your outputs are non-Annex I, overall the outputs may be considered to be Annex I for grant funding purposes. In these circumstances you may wish to complete the pre-application form in advance of the full application for clarification as the maximum rate of grant you could be eligible for will vary.

More information on what ingredients are covered by Annex I can be found below in the technical guidance.

### [Technical guidance](#)

If you are having difficulty identifying what is and is not eligible, you can submit a pre-application by email, detailing the inputs and outputs, in advance of a full application.

### [FPMC forms](#)

The pre-application form asks for information on the size of your business and the inputs and outputs of the project, in advance of a full application.

On receipt we will check the Annex I status of each input and output to determine eligibility and the potential maximum level of grant applicable. The outcome of the assessment will be emailed to you highlighting any changes and explaining the outcome of the assessment.

You should send the pre-application form to: [FoodProcessingGrant\\_Enquiries@gov.scot](mailto:FoodProcessingGrant_Enquiries@gov.scot)

### **Question 3.12 – Current and existing markets**

You should provide details of your current markets that exist for the products relevant to your application, and provide details of your five largest customers over the last two years and their percentage of your business's overall financial sales.



You should also provide any details which may support your application in relation to:

- local or short supply chains – characterised by short distance or few intermediaries between producers and customers
- co-operation or collaboration with suppliers, markets or consumers
- provenance – quality, authenticity and Scottish-ness
- sustainability – more efficient use of water and other natural resources, more recycled materials and less landfill, reduced transport footprint, greater energy efficiency and reduced emissions
- accessibility – ability to reach and serve your target market
- healthier food and drink products

### **Question 3.13 – New products and new markets**

You should provide details of any new markets you have identified for your products or any new products which are intended for existing or new markets.

Supporting information for this may range from the results of feasibility studies to letters of intent and contracts with new or established customers and copy invoices.

This project-specific information, and information on the market in general for the products in question, will be used to establish the existence of a normal, viable market outlet.

### **Question 3.14 Innovation – products, branding and/or processing techniques**

If your project involves innovation, such as innovative processing techniques, branding or products, you should provide details including any supporting information or research you have carried out.

### **Question 3.15 – Local economy**

**You should set out the benefits that your project will provide to the local economy. This could include (but not limited to):**

- **Shortening supply chains**
- **Increased use of local produce/raw materials**
- **Increased use of local markets for selling the final product**
- **Making use of locally sourced by-products**
- **Benefits to the wider local economy**

### **Question 3.16 - Environmental Sustainability**

Please set out the actions already taken within your business to minimise its environmental impact and support the Scottish Government's requirement to reach net zero emissions by 2045.

### **Question 3.17 – Transition to Net Zero**

The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019, which amends the Climate Change (Scotland) Act 2009, sets targets to reduce Scotland's emissions of all greenhouse gases to net-zero by 2045 at the latest, with interim targets for reductions of at least 56% by 2020, 75% by 2030, 90% by 2040.

You should provide details of how your proposed project will contribute to Scotland's requirement to reach net zero CO2 emissions by 2045 through reducing the ratio of emissions to product produced. For example this could include (but not limited to):

- Embedding circular economy principles
- Use of more efficient machinery
- Use of renewable energy
- Reducing the amount of waste in the production process
- Reducing food miles
- Sustainable sourcing of inputs
- Shortened supply chains

We will also require you to produce a Greener Business Plan. This should establish the current levels of emissions produced by your business, and set out the steps your organisation will take to reduce them. Thus contributing to the Scottish Government's net zero ambitions. This will be listed as a specific condition of grant if your application is successful.

Information on Greener Business Plans can be found on the [Net Zero Nation website](#)



### Question 3.18 – Health

You should provide any information in relation to how the project may contribute to a healthy balanced diet, in line with other Scottish Government policies on health, including the Revised Scottish Dietary Goals.

This question gives you the opportunity to provide details (including dates, targets and actions) of what you have already introduced or propose to introduce as a result of this project in relation to:

- reducing calories/portion sizes
- fats
- sugars
- salt
- providing colour-coded front of pack nutrition labelling

Further information relating to food and health, Supporting Healthy Choices and Scottish Dietary Goals etc can be found in the [Dietary Goals section of the Scottish Government website](#)

Alcohol-related projects will be subject to the specific conditions of grant relating to:

- minimum unit price
- the Portman Group's code of practice on naming, packaging and promotion of alcoholic drinks
- the UK's Responsibility Deal

Further information is available in the conditions of grant section.

[Back to top](#)

## Part 4 - Outcomes, timescales and finances

### Question 4.1 – Proposed objectives/outcomes

You should provide details of the proposed objectives and outcomes as a result of the project.

These objectives and outcomes should reflect details provided in the application for example:

1. jobs created and safeguarded (question 3.6)
2. additional sales – (question 3.13)
3. projected increased turnover (question 4.4)
4. health-related targets (question 3.18)
5. other objectives/outcomes proposed which need to be evidenced as part of your application such as fair work commitments

These objectives must be measureable, so you should include quantity and timing – these should be no longer than three years following completion of the project.

Your objectives and outcomes will be checked and considered against information provided elsewhere in your application for consistency.

The National Project Assessment Committee (NPAC) will take these into consideration when making decisions and recommendations. The achievement of these will be a condition of the grant award, if successful.

Subsequent failure to achieve the stated outcomes may result in all or some of the grant having to be repaid.

If your application is successful, we may also use the approved objectives or outcomes to monitor projects following completion. If objectives/outcomes aren't achieved this will be considered and may result in recovery of grant funding in part or in its entirety.

### Question 4.2 – Estimated start and completion dates

You should provide the estimated start and completion date.

These dates should be as realistic as possible and you should ensure they take into consideration:

1. outstanding permissions – such as planning permission/building warrant

2. assessment period – expected to be around three months from application submission deadline. The timetable for submission deadlines and the notification of the outcome can be found in the scheme overview. This may alter, it will be updated as early as possible where changes are anticipated.

**This must reflect the fact that FPMC is now a single year scheme, and all projects must be completed by the end of the financial year in which the grant was awarded**

#### **Question 4.3 – Milestones**

You should provide target milestones for the progression of your projects, such as site clearance through to completion/commissioning.

#### **Question 4.4 – Whole business forecast or projections for three years following completion**

Your application should be supported by:

1. detailed profit and loss
2. cash flow projections
3. balance sheet projection

These projections can be separate documents or may be part of a business plan which you have submitted in support of the application.

#### **Question 4.5 - Statutory/General consents**

You should include copies of plans or drawings with your application.

You should provide details of statutory and other general consents (for example, planning permission, building warrant, SEPA consents) which you have obtained

These should be supported by a copy of the relevant permissions or consents.

These are not necessary at the time of application, however may strengthen your application when considering your ability to deliver the project to the projected timescales, detailed above at 4.2.

If they haven't been received by the time your application has been submitted you may wish to provide details of the dates when application for consents are anticipated to be submitted/approved.

In some circumstance, if your project is successful, funding may not be released until evidence of relevant consents has been submitted.

Evidence may be required from the relevant authorities where you have indicated permission or consent is not required. We will contact you to request this where required.

#### **Question 4.6 - Project costs and quote tracker**

Your application must be supported by three comparable quotes for all items of expense to be covered by the grant.

Quotes may require to be more formalised and broken down to detail each element. For example, stating "building works, £200,000" is not acceptable.

This should be broken down as far as possible to individual components and specification of the building and equipment should also be provided, where appropriate, to ensure quotes are comparable.

It is a requirement for all steel work to be CE Approved and this should be shown on quotes for steel work.

Where insufficient information is provided or quotes or information is are missing and the value for money assessment cannot be undertaken, your application will be returned and you will need to re-submit.

Depending on the timing, if the submission deadline has passed you may have to wait until the next funding round for you application to be fully considered.

In certain, limited, circumstances, applications may be considered without the requisite number of quotations or where the lowest quote is not the preferred supplier.

For example:

- invitation to tender or quote not accepted by three companies – evidence required such as copies of the invitation to tender and any correspondence received from contractors declining
- less than three suppliers available (for example where only two companies worldwide make the equipment required)

If you encounter difficulty providing three quotations for cost, you should provide justification in the comments column. If the justification is not accepted by the technical experts undertaking the assessment or you haven't provided a justification, your application may still proceed however these costs will be ineligible for grant support.

In normal circumstances funding will be restricted to the lowest quote provided. However, in some circumstance where the lowest quotation is not the preferred supplier justification must be provided in the comments column.

If the justification is not accepted by the technical experts carrying out the assessment, or you haven't provided a justification, the costs for funding purposes will be restricted to the lowest quote if the project is successfully awarded funding.

If quotations supporting the application are in euros (or other currencies), you should convert them to sterling, ensuring the correct exchange rate has been used, which is based on the date of the quotation. You can use the [conversion tool on the European Commission website](#) to do this.

There are specific conditions attached to the purchase of secondhand equipment, please go to Conditions of Grant (below) for more details.

If your preferred supplier or quote is not the least expensive, you must provide a full justification which will be considered by the technical experts undertaking the value for money assessment. If the explanation isn't accepted, the cost will be restricted to the value of the lowest quotation.

#### **Question 4.7 – Project funding package**

Your application must be supported with written evidence of how the project is to be funded.

This evidence should include confirmation of the amount of funding and any terms and conditions relating to any financial assistance for:

- overdrafts
- loans
- other grants
- other public sector support
- other sources of funding

Both Scottish Enterprise and Highlands and Islands Enterprise offer support to the food and drink sectors.

You may wish to discuss your project with them to see what assistance might be available. We work closely with both bodies and it is not uncommon for the total public sector funding support to a business to include support from this scheme, Scottish Enterprise and Highlands and Islands Enterprise.

If you wish to match fund your project with funding from other public sources, please contact us in the first instance.

This is because it is not always possible to match fund with some other public funds.

Contact details for both bodies can be found on [Rural Payments and Services](#).

#### **Question 4.8 – Claim dates**

When completing this question, please take into account the potential award date which will be approximately three months from the application submission closing date (not from the date you submitted your application).

If successful, any award will be based on the dates and amounts you give us. If these dates need to change, you will require to submit a variation request.

Further details can be found in the variations section.

#### **Variations**

#### **Question 4.9 – Further information**

You may use this question to give any further information which you feel may assist your application

## Part 5 - Declaration

This section must be completed by all applicants.

By doing this, it confirms that:

- you have read and understood the guidance for this grant scheme
- you are authorised to sign the application form
- you will undertake to meet all obligations for planning permission and any other certificates or consents

## Recent changes

| Section                                  | Change   |
|--|--|
| Outcomes, timescales and finances - Q4.5 | Added information about including plans and drawings with applications |
| Outcomes, timescales and finances - Q4.7 | Added information on match funding                                     |
| Outcomes, timescales and finances - Q4.6 | Added information about requirement for steel work to be CE approved   |

## Download guidance

Click 'Download this page' to create a printable version of this guidance you can save or print out.

## Previous versions

[Previous versions of the page](#)

[Back to top](#)

# 6 Non-capital projects - completing an application

**Date published: 9 May, 2022**

## Table of Contents

You can access the form this guidance refers to on our forms page.

### [Forms](#)

**If you require more space to enter your answers, then please use the Non-Capital Projects Additional Information sheet, which can be found within the forms section.**

## Part 1 - Your details

### **Question 1.1**

You must make sure that your business is registered with the Rural Payments and Inspections Division (RPID) and has a valid Business Reference Number (BRN) before you apply for grant. If you are not registered and do not have a BRN, you will not be eligible for funding.

### [Business registration](#)

If you need any assistance in using the online system, you can get in touch with your local area office and book an appointment to learn more about Rural Payments and Services.

### [Help getting online](#)

### **Question 1.2**

If you wish an alternative person within the business to be the responsible person (i.e. main contact) for your application queries please provide their details and ensure that you have completed the PF05 (details at Q1.1 above).

### **Question 1.3**

If an advisory firm has assisted in the preparation/completion of your application please provide their details. Also confirm whether you wish them to be the responsible person (i.e. first point of contact) for your application.

### **Question 1.4**

You are required to confirm the status of the applicant/s by ticking the appropriate box. The choices are:

- partnership
- informal group
- formal group
- other (if "Other" has been indicated, the status of the applicant should be specified in the section provided)

### **Question 1.5**

If a partnership or group, we require you to list the names and addresses of all the partners/group members, including the telephone number, fax number and email address of each partner/group member. If more than three partners/group members, please give this information on a separate sheet.

## Part 2 - Current business information

### **Question 2.1 - Connections to Russia/Belarus**

You are required to disclose whether your business retains any links to Russia and/or Belarus. For the purposes of the FPMC Grant Scheme, a business is considered to be linked to Russia and/or Belarus is:

- it is constituted or organised under the law of Russia or Belarus;

- it is registered in the UK or another country or has substantive business operations in the UK or another country but is controlled by an entity based in Russia or Belarus (e.g. by a parent company or by 'Persons of Significant Control')

A Person of Significant Control includes a person who owns more than 25% of shares in the company, and/or has more than 25% of voting rights in the company, and/or has the right to appoint or remove the majority of the board of directors.

If the application involves several partners then this applies to all businesses involved in the partnership.

**If your business does have connections to Russia/Belarus, your application will be subject to further advice and may be rejected on those grounds.**

## **Question 2.2 - Employment Law**

You must disclose whether or not you or your business have been convicted of any offences under Agricultural Wages (Scotland) Act 1949, or the National Minimum Wage Act 1998 within the last 12 months.

This applies to the business as a whole and to any company or individual with an ownership stake in the business applying for funding.

If the application involves several partners then this applies to all businesses involved in the partnership.

**If you answer "yes" to this question, then you will not be eligible to apply for FPMC funding.**

## **Question 2.3 – Sector**

You are required to provide information on the main agricultural sector which your business supports; this is primarily based on the main agricultural inputs such as cereal, milk, poultry, fruit and vegetables, meat etc.

Examples:

- cheese products mainly support the dairy sector
- whisky and beer products mainly support the cereal sector
- abattoirs and meat processors mainly support the meat sectors (you must indicate whether the main sector is beef, pork or poultry)

If your business supports an alternative meat product, such as venison, this should be detailed as "other".

## **Question 2.4 – Business or enterprise size**

The size of your business affects the maximum rate of public funding that you are entitled to. Business or enterprise size, as defined by the European Union, is available on the [European Commission website](#).

The different business or enterprise sizes are defined by turnover in euros, balance sheet and number of employees. If you need to, you can convert your turnover and balance sheet information to euros by using the conversion tool on the [European Commission website](#).

## **Question 2.5 - Turnover and employment details of business applying for funding**

You should provide details of the business financial year end (date) and details of your current turnover and assets.

Your application requires to be supported by the finalised or audited accounts for the last three years, taking into account the following (unless your business is a start-up business):

- where the business financial year has ended more than six months before the application submission, three years audited accounts are required which must include the most recent financial year
- where the financial year has ended less than six months from the application submission date, three years audited accounts must be submitted (which may not include the most recent year ending)

Unaudited accounts and/or management accounts should be submitted where the most recent year audited accounts are not available to help demonstrate the business's current financial position

Where the business does not require to prepare audited accounts a financial statement prepared by an accountant should be submitted for the same duration indicated above.

You should also provide details of the current employment figures, detailing full time, part time and seasonal employees (unless your business is a start-up business).

Conversion to full-time equivalent (FTE) should be carried out as follows:

- full-time job (FT) = 30 hours or more per week
- part-time job (PT) = 15 hours or more per week
- two part-time jobs of 15 hours or more per week = one FTE
- seasonal jobs = equivalent to 0.25 FTE

### **Question 2.6 – Holding or parent company**

Where your business is part of a larger group (i.e. has a parent or holding company) you should provide details of the parent or holding company's financial year end, turnover, employees and the most recent finalised/audited accounts.

### **Question 2.7 - Other public funding previously awarded/received**

Where you have previously been awarded funding from any public body details should be provided, including:

- who the funding was from
  - when it was awarded
  - amount of award
  - a brief description of what that funding was towards
- You must also indicate whether the funding was awarded under de minimis

De minimis aid is used to describe small amounts of state aid that do not require European Commission approval, as the Commission considers that public funding which complies with the de minimis regulation has a negligible impact on trade and competition.

The total de minimis aid which can be given to a single recipient is €200,000 over a three-year fiscal period.

This ceiling includes all public assistance given as de minimis funding over the previous three fiscal years - grants, loans, subsidised contracts and so on.

If you are unsure whether a grant was awarded under de minimis, please contact the awarding body who will be able to confirm.

Funding awarded from this scheme between 2007–2013 was not awarded under the de minimis rules. However some awards under the 2014–2020 programme, in limited circumstances, may be.

You will be informed if an FPMC award was made under de minimis. However, if you are unsure, please contact us and we will be able to confirm

**Under the terms of the Trade & Cooperation Agreement between the UK and EU, we must apply a new de-minimis limit of 325,000 Special Drawing Rights (SDR).**

**Any de minimis aid you have received will be converted into SDR, using the rate which applied on the date the grant was awarded, and the amount will be deducted from the new ceiling.**

### **Question 2.8 - Equal opportunities**

You should provide details on what you have done to consider equal opportunities within your business. The [Scottish Government website](#) has more information on equalities.

[Back to top](#)

## **Part 3 - Details of proposed project**

### **Question 3.1 - Type of project grant support is being applied for**

You should confirm, by ticking the appropriate box, which type of project grant support is being applied for (Co-operation, Consultancy, Feasibility, Marketing (including National Fairs and Shows), Innovation (including clusters, process and organisation) or Training).

### **Question 3.2 – Business Plan**



A business plan may help support your application, although it is not mandatory. You may have prepared one for other purposes and we would suggest you include it in your application, with appropriate references.

### **Question 3.3 – Summary of business**

You should provide details of your current business and include some background information. This could include, for example, your history, structure and market sector information, business aims and objectives for growth and development.

### **Question 3.4 – Address of project site including postcode**

If relocating your business to a new site or if the site for the proposed project is different from the main location of your business, then you should provide details of the new site's location and address.

### **Question 3.5 – New project**

You should provide details of your proposed project, which includes details of the work you propose and why it is required. If the project involves replacement or refurbishment of existing facilities, include details of why this is necessary.

### **Question 3.6 – Need for funding**

Funds are limited and we must therefore make sure that support is directed only to those projects that require it to proceed. Legislation requires that the “incentive principle” (or “additionality”) is met in all cases. Failure to meet this requirement during the grant appraisal process will result in your application being rejected.

In support of your application, you must provide an investment appraisal or financial statement which addresses the question: “Is FPMC funding essential for the project to take place?”

You may prepare the appraisal yourself but you may find it appropriate to use the business's finance director/ company accountant (if available) or external financial advisor. If appropriate, this should be considered and endorsed at board level. It will be insufficient to simply to state that support is required to allow the investment to take place.

The following section provides information of the main issues to be covered in the investment appraisal/ financial statement:

#### **'Additionality'**

Government finance rules on appraisal indicate that additionality is present when something happens as a result of an intervention (e.g. a government grant) that would not have occurred in the absence of that intervention.

At its simplest level, additionality rules are met when you provide evidence to show the project would not proceed without funding. It can also be met however where the intervention allows the project to proceed more quickly or to a greater extent than would otherwise be the case were there no intervention.

Clear and verifiable evidence from a quantitative and/or qualitative perspective should be provided to demonstrate additionality, i.e. that it ‘procures’ tangible outputs/deliverables in support of SRDP / FPMC objectives that could, for example, be:

- undertaken at a larger scale than had the grant support not been provided, or
- carried out to a higher standard than would otherwise be affordable, or
- deliver to more beneficiaries, or
- deliver multiple outcomes, or
- be undertaken within a geographical area of particular policy concern

Evidence should be provided to indicate what steps have been taken to fund the project without grant aid. Information should be submitted to indicate what steps were taken to secure commercial lending – this could include copies of correspondence with potential lenders.

If commercial lending was available to support the investment – with or without use of own funds – then the project would be ineligible for grant aid. The financial “health” of your business will also be assessed to allow a view to be taken on your need for FPMC funding.

### **Question 3.7 – Employment**



You should provide details of the number of existing jobs maintained and new jobs created as a result of this project. You also have the opportunity to provide any other information you feel supports your application regarding employment/recruitment such as consideration of youth employment, living wage etc.

### **Question 3.8 - Fair Work Practices**

Please set out the fair working practices already in place within your business. You may wish to use the Scottish Government's Fair Work First Policy (detailed below) as a framework for your answer.

### **Question 3.9 – Fair Work First**

Fair Work First is the Scottish Government's flagship policy for driving high quality, and fair work across the labour market in Scotland by applying fair work criteria to grants, other funding, and contracts being awarded by and across the public sector, where it is relevant to do so. Through this approach the Scottish Government is asking employers to adopt fair working practices

The five pillars of the Scottish Government's Fair Work First Policy are:

- appropriate channels for effective voice, such as trade union recognition;
- investment in workforce development;
- no inappropriate use of zero hours contracts;
- action to tackle the gender pay gap and create a more diverse and inclusive workplace; and
- payment of the real Living Wage.

The Scottish Government has produced further guidance on the Fair Work First Policy and how it can be applied to organisations of varying size and type, and it is recommended that you read this before answering the questions in the application form.

The guidance can be found in the [Fair Work section of the Scottish Government website](#)

Within your application form you should tell us how you will embed fair working practices over the course of the grant. The actions which you list on your application form will become specific conditions of grant should your application be successful.

Additionally, you are required to submit with your supporting documents, a brief statement, confirming your organisation's commitment to fair work. If applicable, you should ensure that this is signed off by either a trade union official, or an employee representative where no trade union is present.

### **Question 3.10 - Current and existing markets**

You should provide details of your current markets that exist for the products relevant to your application, and provide details of your five largest customers over the last two years and their percentage of your business's overall financial sales. You should also provide any details which may support your application in relation to:

- local or short supply chains – characterised by short distance or few intermediaries between producers and customers
- co-operation or collaboration with suppliers, markets or consumers
- provenance – quality, authenticity and Scottish-ness
- sustainability – more efficient use of water and other natural resources, more recycled materials and less landfill, reduced transport footprint, greater energy efficiency and reduced emissions
- accessibility – ability to reach and serve your target market
- healthier food and drink products

### **Question 3.11 – New products and new markets**

You should provide details of any new markets you have identified for your products or any new products which are intended for existing or new markets.

Supporting information for this may range from the results of feasibility studies to letters of intent and contracts with new or established customers and copy invoices.

This project-specific information, and information on the market in general for the products in question, will be used to establish the existence of a normal, viable market outlet.

### **Question 3.12 Innovation – products, branding and/or processing techniques**

If your project involves innovation, such as innovative processing techniques, branding or products, you should provide details including any supporting information or research you have carried out.

### Question 3.13 – Local Economy

You should set out the benefits to the local economy that will be provided by your project. This could include (but not limited to):

- Shortening supply chains
- Increased use of local produce/raw materials
- Increased use of local markets for selling the final product
- Making use of locally sourced by-products
- Benefits to the wider local economy

The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019, which amends the Climate Change (Scotland) Act 2009, sets targets to reduce Scotland's emissions of all greenhouse gases to net-zero by 2045 at the latest, with interim targets for reductions of at least 56% by 2020, 75% by 2030, 90% by 2040.

You should provide details of how your proposed project will contribute to the Scotland's requirement to reach net zero CO2 emissions by 2045 through reducing the ratio of emissions to product produced. For example this could include (but not limited to):

- Embedding circular economy principles
- Use of more efficient machinery
- Use of renewable energy
- Reducing the amount of waste in the production process
- Reducing food miles
- Sustainable sourcing of inputs
- Shortened supply chains

### Question 3.14 - Environmental Sustainability

Please set out the actions already taken within your business to minimise its' environmental impact, and support the Scottish Government's requirement to reach net zero emissions by 2045.

### Question 3.15 – Transition to Net Zero

The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019, which amends the Climate Change (Scotland) Act 2009, sets targets to reduce Scotland's emissions of all greenhouse gases to net-zero by 2045 at the latest, with interim targets for reductions of at least 56% by 2020, 75% by 2030, 90% by 2040.

You should provide details of how your proposed project will contribute to the Scotland's requirement to reach net zero CO2 emissions by 2045 through reducing the ratio of emissions to product produced.

For example this could include (but not limited to):

- Embedding circular economy principles
- Use of more efficient machinery
- Use of renewable energy
- Reducing the amount of waste in the production process
- Reducing food miles
- Sustainable sourcing of inputs
- Shortened supply chains

We will also require you to produce a Greener Business Plan. This should establish the current levels of emissions produced by your business, and set out the steps your organisation will take to reduce them. Thus contributing to the Scottish Government's net zero ambitions.

This will be listed as a specific condition of grant if your application is successful.

Information on Greener Business Plans can be found on the [Net Zero Nation website](#)

You may wish to refer to Scottish Government policies on environment and climate.

### Question 3.16 – Health

You should provide any information in relation to how the project may contribute to a healthy balanced diet, in line with other Scottish Government policies on health, including the Revised Scottish Dietary Goals. This question gives you the opportunity to provide details (including dates, targets and actions) of what you have already introduced or propose to introduce as a result of this project in relation to:

- reducing calories/portion sizes
- fats
- sugars
- salt

Further information relating to food and health, Supporting Healthy Choices and Scottish Dietary Goals etc can be found in the [Dietary section of the Scottish Government website](#)

Alcohol-related projects will be subject to the specific conditions of grant relating to:

- minimum unit price
- the Portman Group's code of practice on naming, packaging and promotion of alcoholic drinks

[Back to top](#)

## Part 4 - Outcomes, timescales and finances

### **Question 4.1 – Proposed objectives/outcomes**

You should provide details of the proposed objectives and outcomes as a result of the project.

These objectives and outcomes should reflect details provided in the application for example:

1. jobs created and safeguarded (question 3.7)
2. additional sales – (question 3.11)
3. projected increased turnover (question 4.4)
4. health-related targets (question 3.164)
5. other objectives/outcomes proposed which need to be evidenced as part of your application

These objectives must be measureable, so you should include quantity and timing – these should be no longer than three years following completion of the project.

Your objectives and outcomes will be checked and considered against information provided elsewhere in your application for consistency.

The National Project Assessment Committee (NPAC) will take these into consideration when making decisions and recommendations. The achievement of these will be a condition of the grant award, if successful.

Subsequent failure to achieve the stated outcomes may result in all or some of the grant having to be repaid.

If your application is successful, we may also use the approved objectives or outcomes to monitor projects following completion. If objectives/outcomes aren't achieved this will be considered and may result in recovery of grant funding in part or in its entirety.

### **Question 4.2 – Estimated start and completion dates**

You should provide the estimated start and completion date.

These dates should be as realistic as possible and you should ensure they take into consideration:

1. outstanding permissions – such as planning permission/building warrant
  2. assessment period – expected to be around three months from application submission deadline.
- The timetable for submission deadlines and the notification of the outcome can be found in the [scheme overview](#). This may alter, it will be updated as early as possible where changes are anticipated

**This should reflect the fact that FPMC is now operating as a single year scheme and as such your project must be completed by the end of the financial year in which the grant was awarded**

### **Question 4.3 – Milestones**

You should provide target milestones for the progression of your projects, such as site clearance through to completion/commissioning.

### **Question 4.4 – Whole business forecast or projections for three years following completion**

Your application should be supported by:

1. detailed profit and loss
2. cash flow projections
3. balance sheet projection

These projections can be separate documents or may be part of a business plan which you have submitted in support of the application.

#### **Question 4.5 – Costs of the proposal, broken down by categories**

You should provide details of the costs of the proposal broken down into consultancy costs, travel and subsistence costs, research and development costs, product presentation costs and other costs (which should be specified).

#### **Question 4.6 - Project costs and quote tracker (Annex A of application form)**

Your application must be supported by three comparable quotes for all expenditures to be covered by the grant.

Quotes may require to be more formalised and broken down to detail each element. For example, stating “Product presentation, £100,000” is not acceptable.

The quotes should be broken down as far as possible to individual components to ensure all three quotes are comparable.

Where insufficient information/quotes are provided, or information is missing and the value for money assessment cannot be undertaken your application will be returned and you will need to re-submit.

Depending on the timing, if the submission deadline has passed you may have to wait until the next funding round for your application to be fully considered.

In certain, limited, circumstances, applications may be considered without the requisite number of quotations or where the lowest quote is not the preferred supplier.

For example:

- invitation to tender or quote not accepted by three companies – evidence required such as copies of the invitation to tender and any correspondence received from contractors declining
- less than three suppliers available (for example where only two companies worldwide providing the item)

If you encounter difficulty providing three quotations for cost, you should provide justification in the comments column. If the justification is not accepted by the technical experts undertaking the assessment or you haven't provided a justification, your application may still proceed however these costs will be ineligible for grant support.

In normal circumstance funding will be restricted to the lowest quote provided. However, in some circumstance where the lowest quotation is not the preferred supplier, justification must be provided in the comments column. This will be considered by the technical experts undertaking the value for money assessment.

If the justification isn't accepted, the cost will be restricted to the value of the lowest quotation if the project is successfully awarded funding.

If quotations supporting the application are in euros (or other currencies), you should convert them to sterling, ensuring the correct exchange rate has been used, which is based on the date of the quotation. You can use the conversion tool on the European Commission website to do this.

#### **Question 4.7 – Project funding package**

Your application must be supported with written evidence of how the project is to be funded.

This evidence should include confirmation of the amount of funding and any terms and conditions relating to any financial assistance for:

- overdrafts
- loans
- other grants

- other public sector support
- other sources of funding

Both Scottish Enterprise and Highlands and Islands Enterprise offer support to the food and drink sectors.

You may wish to discuss your project with them to see what assistance might be available. We work closely with both bodies and it is not uncommon for the total public sector funding support to a business to include support from this scheme, Scottish Enterprise and Highlands and Islands Enterprise.

If you wish to match fund your project with funding from other public sources, please contact us in the first instance.

This is because it is not always possible to match fund with some other public funds.

Contact details for both bodies can be found on [Rural Payments and Services](#).

#### **Question 4.8 – Claim dates**

When completing this question, please take into account the potential award date which will be approximately three months from the application submission closing date (not from the date you submitted your application).

If successful, any award will be based on the dates and amounts you give us. If these dates need to change, you will require to submit a variation request.

Further details can be found in the variations section.

#### [Variations](#)

#### **Question 4.9 – Further information**

You may use this question to give any further information which you feel may assist your application

## [Part 5 - Declaration](#)

This section must be completed by all applicants.

By doing this, it confirms that:

- you have read and understood the guidance for this grant scheme
- you are authorised to sign the application form
- you will undertake to meet all obligations for planning permission and any other certificates or consents

## [Download guidance](#)

Click 'Download this page' to create a printable version of this guidance you can save or print out.

[Back to top](#)

# 7 Applications and approval process

**Date published: 14 July, 2015**

Updates to last version

- change to the eligibility of preparatory fees in the Value for money section

## Table of Contents

### Assessment rounds closing dates

Before we can process your application, it must be complete and contain all the information we require, including all supporting documentation, as detailed in the Guidance. You must complete the application form clearly and accurately and ensure that you send us all the relevant documentation before the application submission closing date for the relevant funding round. Where information is missing your application may be rejected.

## What happens after your application is received

Once your application is received, an initial assessment will be carried out to ensure it meets basic scheme eligibility criteria:

- [Business has a valid Business Reference Number \(issued by Rural Payment and Services.\)](#)
- [Inputs to the project are at least 90% Annex I \(Agricultural products\)](#)
- Ensure all required documentation has been received

We will aim to issue you an acknowledgement letter within 14 days of receipt. Where eligibility requirements haven't been met or your application is incomplete, we aim to confirm this in writing within 14 days.

## Value for money assessment

Value for money and technical eligibility checks will be undertaken by suitably qualified personnel. You will be notified of any costs that are ineligible or if your preferred supplier has not been approved (i.e. the costs considered eligible are restricted to that of the lowest quote received due to insufficient justification).

This assessment will consider project details, specification and quotes to determine value for money and identify any ineligible costs. Examples of eligible and ineligible claims can be found in the examples section.

### Examples

Only where costs are considered to represent value for money will your application proceed to the next stage. If the project does not represent value for money your application will be rejected and returned with an explanation of the specialist's findings.

In some circumstances we may be able to consider supplementary information that will allow your application to proceed to the next stage.

It is very important that **you must not start work** on your project before receiving notification that your application has been successful.

This will take the form of a grant-offer letter that will have to be signed and returned to us. Failure to meet this condition will constitute a breach of the scheme rules and will result in your application being rejected or where discovered post offer your award will be withdrawn and any funding paid will be recovered.

We recognise that preparatory work may be necessary and expenditure incurred, relating to professional fees prior to approval, will not disqualify the project but may be ineligible for grant funding.

## Food industry adviser assessment

A food industry adviser (specialist appointed by Scottish Government) will carry out an assessment using the information submitted in the application. This assessment will consider the following:

1. fit with the Scottish Government's vision for food and drink and other government policies
2. market prospects
3. financial viability of the business
4. compliance with relevant standards relating to environment, hygiene and animal welfare

## Economic assessment

Your application will be considered by a Scottish Government economist. This assessment will consider a number of factors, including:

1. the extent to which the project would proceed without public support (taking account of net current assets, profitability, strength of balance sheet)
2. whether implementation of the project would likely result in displacement effects (particularly in a Scottish context)
3. benefits derived in terms of employment, sales, productivity, value-added, environmental sustainability, health
4. deliverability and overall value for money

## National Project Assessment Committee (NPAC)

Applications are considered by the NPAC, made up of food and drink and business specialists.

The NPAC takes into consideration the reports completed by Scottish Government specialists (i.e. value for money assessment, food industry advisor assessment and economist assessment).

Projects will be screened against the following selection criteria:

- benefits derived from grant support – in terms of sales, productivity, costs reduced (or avoided), new markets or improved skills
- contribution to Scotland's journey towards becoming a *Good Food Nation*
- Contribution to the implementation of the Fair Work First Policy
- deliverability – project likely to deliver its objectives successfully and cost effectively (evidence of value for money)
- evidence of co-operation activity in the food and drink supply-chain
- environmental sustainability – less energy / water consumption; less packaging; reduced waste; reduced emissions
- health and education – project contributes to wider Scottish Government social policies
- supports Scottish primary producers, i.e. utilisation of domestic produce, or assists in developing market readiness
- additional economic benefits – e.g. supply chain coherence and export performance
- innovative products or processes

It will not be necessary for each application to meet all of the above criteria to be considered eligible for grant support. However, projects that are able to demonstrate linkages to several criterion are likely to rank more highly in the assessment process.

## Approval arrangement

The NPAC has delegated authority to confirm grant awards up to and including £500,000. Decisions on larger awards will be made by Ministers following consideration of a recommendation from the NPAC. In all cases Ministers will be advised of the outcome of applications for support

## Notification of outcome

The NPAC meeting will generally take place approximately three months after the closing date for applications.

Applicants will be informed following the Ministers' decision and notification. We will aim to issue your contract or rejection letter within 14 days of the decision. If we are unable to achieve this we will inform you.

If successful, you are required to accept or reject the offer of award within four weeks of the contract issue date. During this period we will not enter into negotiations over the detail of the award.



## Monitoring

We will monitor the project progress throughout the grant control period. When requested, you will be required to provide an update regarding the progress of your project, including those agreed as part of the grant conditions (objectives, outcomes, targets and milestones).

Failure to return monitoring report forms or poor performance of projects may result in the withholding of grant payments and / or recovery action.

## Download guidance

Click 'Download this page' to create a printable version of this guidance you can save or print out.

## Previous versions

[Previous versions of this page](#)



# 8 Claims guidance

**Date published: 7 February, 2018**

For recent changes to this guidance, please see the bottom of the page.

## Table of Contents

### Introduction

1. This section gives general guidance on completing claims for grant awarded under the Food Processing, Marketing and Co-operation Grant Scheme. If you have any specific questions you should contact the [Food and Drink Grants Team](#).

Claims should be submitted according to the claim dates as detailed on your award letter. Grant payments must be claimed using the proper claim forms which are available from the Rural Payments and Services website.

Grants will be paid on actual expenditure based on receipted invoices, bank statements and evidence of satisfactory progress at agreed intervals. The conditions under which grant is paid by the Scottish Government is detailed in the schedule attached to the approval letter.

The documents to be completed and submitted are listed below.

#### 2. Claim Form

- section 1 – Beneficiary's Details
- section 2 – Costs Claimed
- section 3 – Supporting Documentation
- section 4 – Other Sources of Funding
- section 5 – Progress Report
- section 6 – Declaration and Signature
- record of supporting documentation

#### 3. Other documents required

- original invoices
- evidence of payment of invoices

[Claim and costs forms, and additional information sheets.](#)

4. You should already be familiar with the provisions of the scheme from the guidance notes and you will also have received a letter from the Scottish Government stating the maximum amount of grant awarded and listing the conditions attached to the award.

## Variations

5. Variations to the approved project will **not** be accepted at claim stage. All variation requests should be made in writing to the Food and Drink Grants Team in **advance** of incurring any revised expenditure. Your variation will be considered in relation to the original project and the general aims of the scheme. In certain circumstances, if it is necessary to amend the technical nature of the project, the amount of grant may be reduced. In some circumstances variations will require to be considered by the NPAC and where approved you will be notified in writing.

6. Payment of the grant may be suspended while a modification is being considered, even if the claim relates to work not directly affected by the modification.

## Payment of claims

7. Claims must relate to actual expenditure. If claiming in instalments, the final instalment should be for at least 20 per cent of the award. In limited circumstance, the final instalment will be reduced. However, this will be considered on a case-by-case basis.

You should not submit a final claim until all approved costs of the project have been paid. Projects involving work on buildings that requires a building warrant must have a completion certificate before payment of the final instalment of grant can be made.

8. If you receive funding from another public body, such as a Local Enterprise Company or a Local Authority you must provide evidence of any instalment of grant paid by these agencies with each claim submitted.

9. Payments will be made by BACS to the bank account linked to your Business Registration Number. We aim to make payments within eight weeks of receipt of all claim fully completed claims (following submission of all supporting documentation).

[Back to top](#)

## Claim form section one – beneficiaries details

10. All details on this section must match those on the letter confirming the award of grant.

## Claim form section two – costs claimed

11. This section is used to provide a summary of the costs actually incurred on the project, which will be those you have listed in detail on the claim form (see below) and those which have been the subject of previous claims. Amounts must be entered excluding recoverable VAT.

11.1 Item description and cost approved – entries must match section 2.6 of your award letter.

11.2 Actual cost – the total expenditure on the item in this and any previous claims.

11.3 Cost claimed – total payment on the item of expenditure cannot exceed the approved value of the item, as detailed in your award letter. If the amount you want to claim is above the approved value, this may result in recovery or potential penalties. Further details on why we must apply penalties can be found in the Disallowance and penalties section.

[Disallowance and penalties](#)

## Claim form section three – other sources of funding

12. Please provide details of contribution from other funding organisations. If applicable, you must include remittance advice notes for all contributions.

## Claim form section four – progress report

13. This section should provide a concise report on project progress to date:

- detail of progress achieved relating to main objectives and expectations detailed within your grant award letter
- details of progress achieved relating to targets and milestones detailed within your grant award letter
- any other information that you feel relevant to the progress of your project to date (ahead of schedule, difficulties faced, productions, for example)

## Record of invoices and supporting documents

14. The record is used to list all invoices and other documents provided in support of the claim. Amounts entered should be net of recoverable VAT. Invoices or other documents previously submitted need not be listed. **Original invoices and vouchers (plus one copy) relating to the entries on this form must be submitted.** Originals will be returned after payment of the claim. If you need more space you may use copies of this form or, if completing in Excel, you may add or delete rows to suit.

- **You should also submit claim forms and supporting documentation electronically to the [Food Grants Team Mailbox](#)**

14.1 Columns one and two – use these columns to list the approved items as at Section two of the claim form.

14.2 Columns three to nine – use these columns to list the invoices relating to this claim. Invoices should be numbered in sequence in the top right hand corner. This number should be entered in column three. There may be multiple items in these columns for each item in columns one and two.

#### 15. Example record of invoices and supporting documents



[Example: record of invoices and supporting documents \(PDF, Size: 33.1 kB\)](#)

doc\_external\_url: <https://www.ruralpaymentsandservices.org/media/resources/FPMC-example-record-of-invoices-and-supporting-documents.pdf>

[Back to top](#)

## Hire purchase agreements

16. If you intend to fund any part of your investment through a hire purchase agreement, you should inform the Food and Drink Industry Division, as this may affect the timescale over which the grant is claimed.

17. Any equipment purchased subject to hire or lease purchase agreements should also be identified. The amount entered for these should be net of recoverable VAT and interest. The description for these items should show whether the payment is in respect of the deposit or instalments.

For example:

- deposit on slicing machine = £4,500
- 12 instalments slicing machine @ £250 = £3,000

18. For each agreement, a sheet must be attached showing for each payment the capital, VAT and interest paid.



[Example: format for hire purchase agreements for claim form \(PDF, Size: 27.1 kB\)](#)

doc\_external\_url: <https://www.ruralpaymentsandservices.org/media/resources/FPMC-example-format-for-hire-purchase-agreements-for-claim-form.pdf>

19. You should note that we can only pay grant on hire purchase deposits and instalments paid to date. The final instalment of grant will be released when all hire purchase agreements are complete.

20. Funding can only be paid on hire purchase agreements where the final instalment will be paid before the end of the financial year in which the grant was awarded.

## Evidence of payment

21. The payments listed on the claim form must be supported by either an accountant's certificate, cleared cheques or bank statements.



[Example: form of words for the accountant's certificate \(PDF, Size: 120.3 kB\)](#)

doc\_external\_url: <https://www.ruralpaymentsandservices.org/media/resources/FPMC-example-form-of-words-for-accountants-certificate.pdf>

Cleared cheques or bank statements should be attached to relevant invoices. Where the payments relate to more than one invoice a copy can be used. If the payment differs from the invoice amount an explanation must be provided. If the claimed invoice is part of a single larger payment made by the beneficiary to a supplier, evidence (copy of invoices) is required to cover the whole payment (even if not being claimed). Example: proof of payment received for £100,000, invoice being claimed for £80,000. We require copies of invoices to cover the £20,000 which is not being claimed). This is so that we have full evidence of defrayal.

22. The accountant's certificate should be made by an accountant eligible under the terms of Section 25 of the Companies Act 1989 for appointment as a company auditor.

## Secondhand equipment

23. Purchase of secondhand equipment by small or medium enterprises (SMEs) is allowed under the scheme under the following conditions:

23.1 The seller of the equipment must provide a declaration stating its origin, and confirm that at no point during the previous seven years has it been purchased with the aid of national or community grants.

23.2 The price of the equipment must not exceed its market value and must be less than the cost of similar new equipment.

Please contact the Food Grants Team if you have any questions.

[Back to top](#)

## Submitting your claim

Completed claims should be sent to the Food and Drink Industry Division at the address below. Any questions regarding the claim should be directed to these contacts.

Claim documentation should also be submitted electronically to the [Food Grants Team Mailbox](#)

Food and Drink Grants Team  
The Scottish Government  
Agriculture, Food and Rural Communities Directorate  
B1 Spur  
Saughton House  
Broomhouse Drive  
Edinburgh EH11 3XD

Tel: 0300 244 9288

Fax: 0300 244 9990

[FoodProcessingGrant\\_Enquiries@gov.scot](mailto:FoodProcessingGrant_Enquiries@gov.scot)

## Expenditure ineligible for this grant

The following items or areas of expenditure are ineligible for grant aid. Inclusion of any of these items in a claim would not normally render the whole project ineligible, but their costs will not be included in the amount upon which grant is calculated. They should be included in the record of invoices and supporting documents (part of the claim form), but should be identified as ineligible.

- purchase of buildings intended for demolition or which have been used for the same purpose previously
- vehicles for external transportation (forklift trucks, or similar, are eligible)
- harvesting equipment
- the company's own labour and equipment costs
- consumables (items normally written off within one year)
- repair and maintenance costs
- one-for-one replacement
- landscaping and ornamental work
- technical charges exceeding 12 per cent of the total capital cost of the project
- land purchase costs exceeding 10 per cent of the total capital costs of the project
- preliminary costs, such as site purchase, architects/consultants fees (except the fees relating to the completion of the application), obtaining planning permission/building warrants and other statutory consents incurred prior to notification of grant award

[Back to top](#)

## Recent changes

| Section                                  | Change                                       |
|--|--|
| <a href="#">Hire purchase agreements</a> | Final installment date changed to March 2021 |

## Download

Click 'Download this page' to create a printable version of this guidance you can save or print out.

## Previous versions

[Previous versions of this page](#)

## 9 Conditions of grant – Capital and Non-Capital Projects

**Date published: 25 February, 2016**

To see recent changes to this guidance, please [check the bottom of the page](#) .

### Table of Contents

#### Grant control period

The grant control period is five years from the date your project is complete and where applicable, in use.

#### Continue to use for the purpose funding was awarded

All items purchased or constructed with the assistance of a grant must remain in use for the purpose for which the grant was approved, which is normally five years (or for their useful life if this is less than five years and correct maintenance has been carried out).

If any cost or item funded is not used for the original purpose for the duration of the grant control period, you will be required to repay the money with interest as per [European Union regulations](#).

#### Retention of assets

If you dispose of assets that have been the subject of a grant within five years of receipt of that grant, we would normally expect you to repay the whole amount of grant with interest.

However, if the asset were to remain in use for the purpose set out in the grant, this recovery could be waived in whole or in part.

#### Insurance

The responsibility for the design and execution of the works and any liability arising from this lies solely with you.

It is advisable for you or your contractor to be insured against all risk of injury, damage or loss arising, from whatever cause, in the course of the work.

Any additional expense which may be incurred because of failure to insure or inadequate insurance will not be covered by the grant.

#### Provision of accurate information

You are responsible for ensuring that all information provided in support of an application or claim is accurate in all respects. Failure to do so may result in the recovery of any grant paid plus interest.

#### Allow authorised persons access to land or premises

You are required to allow an authorised person, at reasonable hours and on producing authorisation, access to inspect land and premises relating to an application or claim.

If you obstruct an authorised person in carrying out these duties some or the entire grant may be withheld and / or some or the entire grant already paid, plus interest, may be recovered.

#### Alcohol-related projects

Alcohol-related applications will be assessed alongside other bids. Successful alcohol-related projects will be subject to the following specific conditions of grant:

1. funding cannot be used to support projects used to produce alcoholic products which retail at below 50 pence per unit

2. you agree to adhere to the terms of the Portman Group's Code of Practice on Naming, Packaging and Promotion of Alcoholic Drinks.

## Other

Additional conditions of grant maybe required which will be detailed on the award letter (e.g. requirement to supply documentation for statutory consents, evidence of match funding etc).

Aims and objectives of the project (as detailed and considered relevant by the National Project Assessment Committee) will also be detailed as a conditions of grant.

## Recent changes

| Section             | Change   |
|---------------------|--|
| Conditions of grant | Addition of detailed information on publicity requirements |

## Previous versions

[Previous versions of this page](#)

## Download guidance

Click 'Download this page' to create a printable version of this guidance you can save or print out.

# 10 Variations

**Date published: 14 July, 2016**

Updates to last version:

- a link has been added to 'Completing an application' for customers

## Introduction

It may be possible to vary your approved project prior to or during its implementation. This may be necessary because of changed business circumstances, delays or other factors.

It is important that you seek prior approval before you implement them as this may have an impact on your eligibility to receive support.

If you wish to change a cost, this must be supported by the same details required as the initial application (see [Completing an application, question 4.6](#) ) – three quotations and justification, where required, if the preferred costs isn't the lowest or you have been unable to obtain three quotes.

You must also seek approval if you wish to increase the costs of an item approved, for example due to the cost increasing as a result of market conditions.

However, the overall approved total may not be increased.

Therefore, you will need to identify savings elsewhere to allow increased costs to be considered.

A variation must also be requested where you are unable to submit claims as agreed (date and/or amount) in your approval letter.

Variations will be dependent on various factors including fit with available budget and should be requested, where possible, before claims are overdue.

## Download guidance

Click 'Download this page' to create a printable version of this guidance you can save or print out.

## Previous versions

[Previous versions of this page](#)



# 11 Inspections and verification

**Date published: 14 May, 2015**

We may carry out checks or seek clarification or further supporting evidence or information relating to any aspect of an application or a claim for payment. Additionally, we:

- may, at any reasonable time, seek to verify the accuracy of any information contained in an application or a claim for payment or any other information, provided by the applicant relating to the project
- monitor the project as detailed in the grant offer letter to ensure that outcomes are met. The project will be monitored as it progresses and an evaluation of the project will be required upon completion. A request may therefore be made for a progress report, or after completion, a report on the project's performance

You will also be required, on request from us, to co-operate by permitting full access to records relating to the project. You must:

- retain all invoices/bank statements, accounts and other relevant documents in relation to the application and produce them for inspection if required to do so
- provide such additional information in relation to the investment or project or grant monies paid in pursuance of that investment or project as required
- retain all records relating to a project for a period of five years following the completion of the project and the payment of the final grant in support of that project

You can also access more information about how and why we conduct inspections in our dedicated section.

[Inspections](#)

## Breaches and penalties

The Rural Development (Scotland) Regulations 2015 make provision for the revocation and variation of approval, the withholding or recovery of grants and the payment of interest on grants recovered.

They also create offences of knowingly or recklessly making a false statement to obtain grants or obstructing authorised persons acting under the regulations.

The penalties under this scheme may require the applicant to pay an additional penalty and prohibit the applicant from applying for further grant assistance under the scheme for a specified period.

## Download guidance

Click 'Download this page' to create a printable version of this guidance you can save or print out.

# 12 Appeals and complaints

**Date published: 26 February, 2016**

For recent changes to this guidance, please [check the bottom of the page](#)

## Table of Contents

If you are unhappy with a decision we have made or the standard of service we have provided, you are able to either submit an appeal or make a complaint.

## Complaints

A complaint is an expression of dissatisfaction with our standard of service, procedures, or processes that you feel requires a response or explanation from us. You or your representative can complain in person by phone, by email or in writing.

All complaints will be treated seriously by us and you will receive a full response.

There are two forms of complaint under this scheme. You can complain against the general standard of service, or the decision to either reject, or lower the percentage grant rate awarded to your application to the Food Processing Marketing and Co-operation Grant Scheme.

### **Standards of service**

You can find out more in our complaints section.

### [Complaints](#)

#### **Complaint against the non-selection of project**

If your project has not been selected to receive funding from the FPMC grant scheme and you feel this is the wrong decision, you can submit a complaint in writing to the address below:

Food Grants Team

The Scottish Government

Agriculture, Food and Rural Communities Directorate

B1 Spur

Saughton House

Broomhouse Drive

Edinburgh

EH11 3XD

Tel: 0300 244 9287

Email: [FoodProcessingGrant\\_Enquiries@gov.scot](mailto:FoodProcessingGrant_Enquiries@gov.scot)

Fax: 0300 244 9990

**As the Food Grants Team are currently working remotely, all complaints at this time must be submitted electronically through the above email address.**

If you feel we have failed to properly apply the scheme rules or regulations, your appeal will be reviewed by a qualified person who was in no way involved in the original handling of the application or processing of the case.

They will independently review whether to uphold or reject the complaint, seeking legal advice where necessary.

If you feel we have failed to properly assess your application (i.e. scoring incorrectly due to not taking appropriate account of all the information you supplied with your application), then the scoring and assessment of the application will be reviewed by a qualified person not involved in the original assessment decisions.

However, in so doing, the reviewing officer may only take account of the evidence originally supplied by you (or your agent).

If the reviewing officer upholds the complaint then the scoring and assessment will be revised and you (or your agent) will be informed of the revised position and whether your application has now been successful.

If the review does not uphold your complaint or the revised score is still not high enough to be successful in securing funding, you will be provided with constructive feedback on what you would need to do to strengthen your application should you wish to apply again in a future round.

## Appeals

### **Appeal against the refusal of payment, reduction of payment or recovery of payment/s**

If you have been granted funding from the FPMC scheme, you can appeal against decisions we make regarding your claims and payments.

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, please contact the Food Grants Team at the address set out below.

After initial discussions, if you are still not satisfied with our decision, you may wish to ask us to formally review our decision under The Rural Payments (Appeals) (Scotland) Regulation 2015. To do this you must submit a written request to the Head of the Food Grants Team no later than 60 days (legal timescale) from the date of our original decision letter.

You can submit this request to the address below. Please do not send it to an RPID area office.

Food Grants Team  
The Scottish Government  
Agriculture, Food and Rural Communities Directorate  
B1 Spur  
Saughton House  
Broomhouse Drive  
Edinburgh  
  
EH11 3XD Tel: 0300 244 9287  
Email: [FoodProcessingGrant\\_Enquiries@gov.scot](mailto:FoodProcessingGrant_Enquiries@gov.scot)  
Fax: 0300 244 9990

### **As the Food Grants Team are currently working remotely, you must also submit any appeals electronically via the above email address.**

A senior member of the Food Grants Team will then arrange to meet with you – or phone you if you prefer – to formally review your appeal in more detail.

By law we must do this no later than 60 days from the date we receive your request for review and we will let you know the date of the review meeting in writing. Representations may be made by you or by a representative.

This conversation will give you the opportunity to explain to a senior member of staff why you think our decision is incorrect, provide additional evidence, ask any related questions and seek relevant clarification.

The member of the Food Grants Team will explain why the initial decision was taken, the relevant legislation and, if relevant, why we applied a penalty.

The Food Grants Team will send you a written report of the review meeting within 60 days. The report will either confirm, amend or alter our original decision, or revoke it entirely and substitute a new decision.

If the review upholds the original decision and you wish to further pursue your case, you need to write to the Scottish Land Court at the address below, requesting an appeal under the above-mentioned regulations.

The Scottish Land Court  
George House  
126 George Street  
Edinburgh  
EH2 4HH

Tel: 0131 271 4360

Fax: 0131 271 4399

Email: [SLCourtMailbox@scotland.gsi.gov.uk](mailto:SLCourtMailbox@scotland.gsi.gov.uk)

The court will then make the necessary arrangements to hear your appeal. Your appeal to the Court needs to be made within 60 days of the day that you received the written report of the review meeting.

Find out more information on the Scottish Land Court.

[Scottish Land Court](#)

## Recent changes

| Section    | Change  |
|------------|---|
| Complaints | More information about the process for complaining about refusal to join the scheme |
| Appeals    | Further information on how to submit an appeal specific to this scheme              |

## Previous versions

[Previous versions of this guidance](#)

## Download guidance

Click 'Download this page' to create a printable version of this guidance you can save or print out.

# 13 Technical guidance

**Date published: 6 August, 2016**

For recent changes to this guidance, please check the bottom of the page

## Table of Contents

### Introduction

Links to regulations referenced in this guidance can be found under Related Content in the right-hand margin

1. These technical guidance notes aim to provide a detailed explanation of the definition of the term "agricultural products" within the context of the relevant legislation.
2. It is important to understand this definition as the Food Processing, Marketing and Co-operation (FPMC) Grant Scheme can only provide support for activities covered by relevant regulations. These are detailed in Annex I of the Treaty of the Functioning of the European Union.

A copy of this annex can be found in the List of eligible agricultural products section

#### List of eligible agricultural products

#### 3. The phrase

- "products covered by Annex I to the Treaty"

means

- "agricultural products"

as listed in:

- article 38 and Annex I of the Consolidated Version of the Treaty on the Functioning of the European Union of 17 December, 2012

This does not cover fishery and aquaculture products covered by Council Regulation (EC) No 104/2000:

- products falling under Combined Nomenclature (CN) codes 4502, 4503 and 4504 (cork products)
- products intended to imitate or substitute milk and milk products, as referred to in Article 3(2) of Council Regulation (EEC) No 1898/87

#### 4. The term "processing of agricultural products" comes from European regulations and means:

- "any operation on an agricultural product resulting in a product which is also an agricultural product, except on farm activities necessary for preparing an animal or plant product for first sale."

See Article 2 – Definitions of Commission Regulation (EC) No 1857/2006 under related content for more information.

5. Because agricultural products are defined by the European Commission as being those products which are listed in Annex I of the Consolidated Version of the Treaty on the Functioning of the European Union, the terms "agricultural product" and "Annex I product" are often used to mean the same thing.

6. References in regulations and Commission guidelines to "Annex I activity" refer to activities resulting in the production of Annex I products, so this covers most farming and horticultural activities, but not all. Fish farming and other forms of aquaculture are also Annex I activities.

7. These definitions have to be interpreted and understood in the wider context of European Union regulations because some agricultural products are not defined within the Annex I list and so fall outside the scope of a number of support schemes.

Wool, for example, is most certainly an agricultural product but it is not an Annex I product, so wool processing cannot be supported by this scheme.

8. To determine what is, or is not, an Annex I agricultural product cannot be done by simply looking it up in a definitive list. These guidance notes explain why this is the case, and how it can be done.

[Back to top](#)

## Annex I of the Consolidated Treaties

9. Article 38 (Agriculture and Fisheries) of the Consolidated Version of the Treaty on the Functioning of the European Union states that:

1. the Union shall define and implement a common agriculture and fisheries policy. The internal market shall extend to agriculture, fisheries and trade in agricultural products. 'Agricultural products' means the products of the soil, of stock farming and of fisheries and products of first-stage processing directly related to these products. References to the Common Agricultural Policy or to agriculture, and the use of the term 'agricultural', shall be understood as also referring to fisheries, having regard to the specific characteristics of this sector
2. save as otherwise provided in Articles 39 to 44, the rules laid down for the establishment and functioning of the internal market shall apply to agricultural products
3. the products subject to the provisions of Articles 39 to 44 are listed in Annex I
4. the operation and development of the internal market for agricultural products must be accompanied by the establishment of a common agricultural policy

This article defines what an agricultural product is for the purposes of the control of the Single Common Market of the European Union.

10. No services are listed in Annex I – it is a list of physical goods only. For example, landscaping or gardening may be thought of as agricultural, but these are not defined as being Annex I products.

11. The Annex I list is a list of products, listed by the chapter heading or sub-chapter headings of the Common Customs Tariff Nomenclature (EU Regulation No 1101/2014), referred to as Combined Nomenclature. Also listed is a reference to the coding system used by that Regulation and a brief description of the product categories.

## Combined Nomenclature

12. Council Regulation (EEC) 2658/1987 (the Brussels Common Custom Tariff Regulation and the annexes attached to it) contains the rates of custom duties and the codes used for the statistical analysis of the products and their customs duties.

The annexes to that regulation are updated annually. For example, Commission Implementing Regulation 2020/1577 of 21 September 2020 (EU) 2015/1754 of 30 October 2015 amending Annex I to Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff.

These updates to the original Tariff Regulation are referred to as the Combined Nomenclature.

13. The Combined Nomenclature comprises a series of chapters. Each of these chapters describes a comprehensive list of products that are either Annex I or non-Annex I products. The Combined Nomenclature does not define an Annex I agricultural product – this can only be done by referencing the Annex I list.

14. Groups or categories of products have a Combined Nomenclature Code Reference Number (CN Code). Some individual products have CN Codes, but not every product that falls within the scope of Annex I is uniquely identified.

15. The reference to "ex" where it appears before the CN Code does not mean "excluding", it is an identification for custom purposes whereby the scope of the additional duties to be paid is determined by both the scope of CN Code and that of the description of the product and the corresponding period of application (see Commission Regulation 453/2002).

[Back to top](#)

## Single Common Market Organisation Regulation

16. The Single Common Market Organisation Regulation (EC) No 1308/2013 of 17 December, 2013 establishes a common organisation of the markets in agricultural products (single CMO regulation).

17. This regulation governs products of the following sectors, as provided in Annex I of the single CMO regulation, which covers all of the agricultural products for which there is common organised market.

This means that the listings given in Annex I to the single CMO regulation can be used in defining if a particular product is an "agricultural product" or not.

## How to determine an agricultural product

18. Three documents have to be used to help in the determination of agricultural product. The Annex I list, the Combined Nomenclature and the single CMO regulation (Annex I of that Regulation). The Annex I list is the definitive reference source and it is this which determines whether a given product is an "agricultural product" or not.

19. Examples:

- the most straightforward example situation is where the Annex I list refers to a whole chapter of the Combined Nomenclature. For example, chapter 2 – Meat and edible meat offal

All of the products listed under chapter 2 of the Combined Nomenclature are therefore agricultural products (Annex I products). This means that everything from CN Code 0201 – Meat of bovine animals, fresh or chilled through to CN Code 0210 99 90 – Edible flours and meals of meat or meat offal are Annex I products

- the next straightforward example is where there is no reference in the Annex I list to a chapter in the Combined Nomenclature, for example, chapter 19 – preparations of cereals, flour, starch or milk; pastry cooks' products

None of the products listed in chapter 19 are agricultural products (Annex I products) because this chapter of the Combined Nomenclature is not on the Annex I List, and this applies even if the product is listed in the single CMO regulation.

For example, "CN Code 1902 20 30 – stuffed pasta, whether cooked or otherwise prepared, containing more than 20 per cent by weight of sausages and the like, of meat and meat offal of any kind, including fats of any kind of origin" is not an Annex I, product even though it is mentioned in the section headed Pigeon in the single CMO regulation.

There are a limited number of examples of products that are listed on the single CMO Regulation that are not Annex I products, so it is necessary to check the Annex I list to confirm Annex I status.

20. Some forms of processing will result in new products that are still classified as Annex I products, such as smoking of food. Meat in its raw form, for example pork, (chapter 2 - meat and edible meat offal) and cured meat, for example smoked ham, (chapter 16 – preparations of meat, of fish, of crustaceans or molluscs) are both Annex I products. In this example, the process involved in the manufacture of the ham (salting, curing or smoking of the raw pork meat) produces a separate but different Annex I product.

21. The product descriptions within the Combined Nomenclature can take the form of definition of composition or content as well as regional identification, for example, a group of cheeses with a fat content between 47 per cent and 72 per cent. 0406 90 81 – Cantal, Cheshire, Wensleydale, Lancashire, Double Gloucester, Blarney, Colby, Monterey. All cheeses in chapter 4 are defined as Annex I products.

22. Certain types of what appear to be the same product can be either Annex I or not, depending on what they are made from and the form of the final product.

A good example of this is potato crisps because, without referring to the detailed description in the Combined Nomenclature, it is very difficult to make the distinction between a product that is defined as Annex I (traditionally produced crisps) and varieties of such a product that are not Annex I (such as potato snacks).

It would be easy to assume that all potato based products would be Annex I.

The major distinction lies in the composition of the input to the processing activity because potato crisps are seen as an example of 'preparation of vegetables' (chapter 20) and are clearly defined in the Combined Nomenclature as:

- 2005 20 – Potatoes – other

- 2005 20 20 – Thin slices, fried or baked, whether or not salted or flavoured, in airtight packing, suitable for immediate consumption

If the crisps are made from reformed potato starch, as opposed to slices of potato (e.g. Hula Hoops, Discos), these are non-Annex I and they are described under chapter 19 – preparations of cereals, flour, starch or milk; pastrycooks' products as:

- 1905 90 55 – extruded or expanded products, savoury or salted

23. There are a number of products that are defined as Annex I products that at first instance seem not to fit with the general principles of being either primary products being direct from the farm or being first stage processed. For example, dog and cat food put up for retail sale (chapter 23, CN Code 2309 10) is defined as Annex I, so it is necessary to check carefully rather than make assumptions on the Annex I status.

24. A few examples of non-Annex I products which are often mistaken for Annex I products are:

- soya sauce
- tomato ketchup and other tomato sauces
- soups and broths
- ice cream and other edible ice, whether or not containing cocoa

25. There is a particular group of products where the inputs are agricultural products, but the Outputs are **not** Annex I products. Examples of these are detailed below

- chapter 22 of the Combined Nomenclature – beverages, spirits and vinegar
- CN Code 2201 – mineral and other waters
- CN Code 2203 – beer
- CN Code 2208 20 to CN Code 2208 90 99 – a wide range of spirits such as whisky, brandy, vodka, gin, cognac, tequila and so on

[Back to top](#)

## Recent changes

| Section               | Change  |
|-----------------------|---|
| Combined nomenclature | Updating Commission regulation (EU) 1101/2014 of 16 October, 2014 to 2015/1754 of 30 October 2015 |

## Download guidance

Click 'Download this page' to create a printable version of this guidance you can save or print out.



# 14 List of eligible agricultural products

**Date published: 14 May, 2015**

This scheme can only provide support for activities covered by relevant regulations. These are detailed in Annex I of the Treaty of the Functioning of the European Union.

The Annex I list is a list of products, listed by the chapter heading or sub-chapter headings of the [Common Customs Tariff Nomenclature](#) (EU regulation No. 2020/1577), referred to as Combined Nomenclature.

Also listed is a reference to the coding system used by that Regulation and a brief description of the product categories.

| Number in the Brussels nomenclature | Description of products   |
|-------------------------------------|---|
| Chapter 1                           | Live animals  |
| Chapter 2                           | Meat and edible meat offal  |
| Chapter 3                           | Fish, crustaceans and molluscs  |
| Chapter 4                           | Dairy produce, birds eggs, natural honey  |
| Chapter 5                           |   |
| 05.04                               | Guts, bladders and stomachs of animals (other than fish), whole or pieces thereof   |
| 05.15                               | Animal products not elsewhere specified or included. Dead animals of chapter 1 or chapter 3 unfit for human consumption         |
| Chapter 6                           | Live trees and other plants, bulbs, roots and the like. Cut flowers and ornamental foliage                                      |
| Chapter 7                           | Edible vegetables and certain roots and tubers  |
| Chapter 8                           | Edible fruit and nuts. Peel of melons or citrus fruit   |
| Chapter 9                           | Coffee, tea and spices, excluding mate (heading no. 09.03)  |
| Chapter 10                          | Cereals   |
| Chapter 11                          | Products of the milling industry - malt and starches, gluten, inulin  |
| Chapter 12                          | Oil seeds and oleaginous fruit. Miscellaneous grains, seeds and fruit, industrial and medical plants, straw and fodder          |
| Chapter 13 (ex 13.03)               | Pectin  |
| Chapter 15                          |   |
| 15.01                               | Lard and other rendered pig fat. Rendered poultry fat   |
| 15.02                               | Unrendered fats of bovine cattle, sheep and goats. Tallow (including premier jus) produced from those fats                      |
| 15.03                               | Lard stearin, oleostearin and tallow stearin. Lard oil, oleo-oil and tallow oil, not emulsified or mixed or prepared in any way |
| 15.04                               | Fats and oil of fish and marine mammals, whether or not refined   |
| 15.07                               | Fixed vegetable oils, fluid or solid, crude, refined or purified  |
| 15.12                               | Animal or vegetable fats and oils, hydrogenated, whether or not refined, but not further prepared                               |
| 15.13                               | Margarine, imitation lard and other prepared edible fats  |
| 15.17                               | Residues resulting from the treatment of fatty substances or animal or vegetable waxes  |
| Chapter 16                          | Preparations of meat, of fish, of crustaceans or molluscs   |
| Chapter 17                          |   |
| 17.01                               | Beet sugar and cane sugar, solid  |

|                      |   |
|----------------------|---|
| 17.02                | Other sugars; sugar syrups; artificial honey (whether or not mixed with natural honey); caramel   |
| 17.03                | Molasses, whether or not decolourised   |
| 17.05                | Flavoured or coloured sugars, syrups and molasses (including vanilla sugar or vanillin), with the exception of fruit juice containing added sugar in any proportion   |
| Chapter 18           |   |
| 18.01                | Cocoa beans, whole or broken, raw or roasted  |
| 18.02                | Cocoa shells, husks, skins and waste  |
| Chapter 20           | Preparations of vegetables, fruit or other parts of plants  |
| Chapter 22           |   |
| 22.04                | Grape must, in fermentation or with fermentation arrested otherwise than by the addition of alcohol   |
| 22.05                | Wine of fresh grapes; grape must with fermentation arrested by the addition of alcohol  |
| 22.07                | Other fermented beverages (for example, cider, perry and mead)  |
| ex 22.08<br>ex 22.09 | Ethyl alcohol or neutral spirits, whether or not denatured, of any strength, obtained from agricultural products listed in Annex I, excluding liqueurs and other spirituous beverages and compound alcoholic preparations (known as 'concentrated extracts') for the manufacture of beverages |
| 22.10                | Vinegar and substitutes for vinegar   |
| Chapter 23           | Residues and waste from the food industries; prepared animal fodder   |
| Chapter 24           |   |
| 24.01                | Unmanufactured tobacco, tobacco refuse  |
| Chapter 45           |   |
| 45.01                | Natural cork, unworked, crushed, granulated or ground; waste cork   |
| Chapter 54           |   |
| 54.01                | Flax, raw or processed but not spun; flax tow and waste (including pulled or garnetted rags)  |
| Chapter 57           |   |
| 57.01                | True hemp ( <i>Cannabis sativa</i> ), raw or processed but not spun; tow and waste of true hemp (including pulled or garnetted rags or ropes)   |

[Back to top](#)

## [Download guidance](#)

Click 'Download this page' to create a printable version of this guidance you can save or print out.

# 15 Eligible and ineligible cost examples

**Date published: 13 July, 2016**

For recent changes to this guidance, [please see the bottom of the page](#)

These examples do not cover every situation or provide exhaustive commentary. If you are unsure please contact us before incurring any costs.

## **Examples of eligible expenditure – Capital Costs:**

The following items of expenditure (preliminary costs) can be incurred prior to notification of the outcome of your application:

- site purchase
- architects/consultants fees (except the fees relating to the completion of the application)
- obtaining planning permission/building warrants and other statutory consents

You must not start work on any aspect of your project, with the exception of the above preliminary costs, before receiving notification of grant award.

This will be a grant offer letter where your project has been successfully awarded funding.

Preliminary costs can be incurred before the notification of grant award, but will only be eligible for claims if incurred after the grant award notification date.

If other costs are incurred prior to notification your project will be ineligible and the offer of award will be withdrawn and any funding released will be recovered.

## **Purchase of secondhand equipment, under the following conditions:**

- the seller of the equipment must provide a declaration stating its origin, and confirm that it has not previously been purchased with the aid of national or community grants
- the price of the equipment must not exceed its market value and must be less than the cost of similar new equipment
- the equipment must have the technical characteristics necessary for the operation and comply with applicable norms and standards
- purchase of secondhand equipment is only applicable to SMEs

## **Hire purchase or lease purchase:**

- equipment or machinery on hire or lease purchase are eligible for funding. However, equipment is required to be owned by you at the end of the hire or lease agreement period
- funding will be restricted to capital cost (VAT, interest and arrangement fee etc. are ineligible)

## **Purchase of land not already built on, under the following conditions:**

- there must be a direct link between the land purchase and the objectives of the project
- a certificate must be obtained from an independent qualified valuer confirming that the purchase price does not exceed the market value
- land purchase will be restricted to a maximum of 10 per cent of overall project costs

## **Examples of ineligible expenditure – Capital Costs:**

The following items of expenditure are ineligible for grant aid.

Inclusion of any of these items in an application will not normally render the whole project ineligible, but their costs would not be included in the amount upon which grant is calculated:

- building works or equipment costs directly associated with retail elements
- working capital
- harvesting equipment
- vehicles for external transportation
- consumables (items normally written off within one year)
- repair and maintenance costs
- landscaping where it is considered ornamental work

- technical charges exceeding 12 per cent of the total capital cost of the project
- businesses normal operating costs such as labour.
- promotion of a region or brand
- contingencies

#### Examples of eligible expenditure – Non-Capital Costs:

- non-capital costs towards the wider development of new food and drink businesses (for example consultancy costs).
- co-operation activity between food and drink producers/manufacturers and third parties (e.g. retailers, research community, hospitality and food service sector) including Feasibility Studies and Business Plans
- marketing at National/International Trade Fairs/Shows
- innovation - including clusters, process and organisation
- training (not training to comply with national mandatory standards on training)

## Recent changes

| Section                               | Change                                   |
|---------------------------------------|--|
| Examples of eligible expenditure      | More information about preliminary costs |
| Examples of non-capital project costs | Information added                        |

## Previous versions

[Previous versions of this page](#)

## Download guidance

Click 'Download this page' to create a printable version of this guidance you can save or print out.

# 16 Regulations

**Date published: 14 May, 2015**

**Regulation (EU) No 1305/2013** of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)

**Commission Implementing Regulation (EU) No 808/2014** (laying down rules for the application of Regulation (EU) No 1305/2013)

**Regulation (EU) No 1303/2013** of the European Parliament and of the Council laying down common provisions on the European Agricultural Fund for Rural Development

**Regulation (EU) No 480/2014** supplementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council laying down common provisions on the European Agricultural Fund for Rural Development

**Regulation (EU) No 1306/2013** of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy

**Commission Delegated Regulation (EU) No 640/2014** (supplementing Regulation (EU) No 1306/2013 ) with regard to the integrated administration and control system and conditions for the refusal of payments and administrative penalties applicable to direct payments, rural development support and cross compliance

**Regulation (EU) No 651/2014** declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty;

**Commission Implementing Regulation (EU) No 1101/2014** amending Annex I to Council Regulation (EEC) No 2658/87

**Regulation (EU) No 1308/2013** establishing a common organisation of the markets in agricultural products