

# Capital projects - completing an application

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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 minimus, 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 minimus 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.

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## 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.

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## 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

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