

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

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## Purpose

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

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

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

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

## Scope

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

- farmers or crofters who have **started** within 12 months prior to application submission can apply for this scheme. There is no upper age restriction. However, you must be aged 16 years or over at the point of application
- you must have a minimum of three hectares of land
- you must demonstrate estimated standard outputs in the range €600 to €9,999 using the Standard Output Ready Reckoner (see 'Standard outputs' section below) at the point of application

## Standard outputs

Access to grant will be based on your standard output.

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

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

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

No subsidies or costs are taken into account.

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



[Standard Output Ready Reckoner \(PDF, Size: 15.9 kB\)](#)

doc\_external\_url: [https://www.ruralpaymentsandservices.org/media/resources/standard\\_output\\_ready\\_reckoner\\_v270315.xlsx](https://www.ruralpaymentsandservices.org/media/resources/standard_output_ready_reckoner_v270315.xlsx) [Please note this is an xls spreadsheet]

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

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

## Amount of grant

The grant is €15,000, which, depending on exchange rates, is approximately £12,500.

Support will be in the form of two payments:

- an initial payment of €12,000, which, depending on exchange rates, is approximately £10,000
- a second instalment of €3,000, which depending on exchange rates, is approximately £2,500. This is payable on reaching the milestones laid down in your business plan

The maximum period between the payments is four years.

## Business eligibility

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

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

- to be able to apply, the business must be registered with the Rural Payments and Inspections Division (RPID)

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

## How to apply

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

### [Contact us](#)

There will be two windows for applications each calendar year:

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

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

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

### **Application form**

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

- your business or business proposal
- members of your business
- a short summary of the business plan
- any relevant declarations and undertakings which must be made

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

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

## Selection criteria

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

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

Other factors that we will also consider are:

- the composition and make-up of the business in terms of its membership and the governance arrangements in place to ensure the smooth running of the business

- whether any additional investment is to be made without public support
- the effect of the investment on the physical agricultural output and labour requirement of the business
- the sector of agriculture to which the business belongs

## Approval and contract

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

## Claim and payments procedure

After you have signed and returned your contract you will need to submit a claim form to one of our area offices when you are ready to make the investment or expenditure. This claim must confirm what the grant will be used for.

On receipt of your claim, we will aim to pay the first instalment of the grant into your bank account within 15 working days. If queries are raised on the claim, this period may be longer.

The business plan will be reviewed by us within four years of the acceptance of the contract. The review will compare progress against the business plan and consider any discrepancy. Where the business plan has not been followed or progress is not satisfactory, the Scottish Government may withhold part or all of the remaining payment and require repayment of part or all of the claim already paid.

If the progress with the business plan is acceptable, the final instalment will be paid.

## Verification and control

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

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

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

## Legal base

- Regulation (EU) No 1303/2013 of the European Parliament and of the Council laying down common provisions on (inter alia) the European Agricultural Fund for Rural Development
- Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development
- Commission Delegated Regulation (EU) No 807/2014 (supplementing Regulation (EU) No 1305/2013)
- Commission Implementing Regulation (EU) No 808/2014 (laying down rules for the application of Regulation (EU) No 1305/2013)
- Regulation (EU) No 1306/2013 of the European Parliament and of the Council on the financing, management and monitoring of the Common Agricultural Policy
- Commission Delegated Regulation (EU) No 640/2014 (supplementing Regulation (EU) No 1306/2013) with regard to the integrated administration and control system and conditions for the refusal of payments and administrative penalties applicable to direct payments, rural development support and cross compliance
- Regulation (EU) No 1307/2013 of the European Parliament and of the Council establishing rules for direct payments
- Commission Delegated Regulation (EU) No 639/2014 (supplementing Regulation (EU) No 1307/2013) as amended from time-to-time

## Applying for other assistance

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

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

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

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

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

If you apply to this scheme you may also apply for any of the capital grants. However, your business must have become established, i.e. be in receipt of an award, before you will be eligible to apply for other capital grant schemes.

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

- [Crofting Agricultural Grant Scheme](#)
- [New Entrant Capital Grant Scheme](#)
- [Small Farms Grant Scheme](#)

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

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