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Mark Allen

Overview of Scottish farm investment schemes

1 Background

This briefing note provides an overview of some of the investment/support schemes that have been available to farmers within Scotland over recent years. The focus here is very much on provisions available under the Scottish Rural Development Programme (SRDP) which ran from 2007-13 but there is also some reference to provisions under the future 2014-20 SRDP. It should also be noted that the Scottish Executive has developed and independently supported schemes such as the Farm Business Development Scheme.

In line with guidance from the ARD Committee the emphasis within this paper is on capital support provisions.

Table 1 below provides information on schemes that ran as part of the 2007-13 SRDP and the identified measures are now closed to application whilst Table 2 details those standalone schemes which the Scottish Executive supported independent of EU support. Table 3 outlines potential capital supports available within the 2014-20 SRDP.

This note does not claim to provide a comprehensive picture of the support available

Table 1: SRDP 2007-13 – components with capital support potential for farm businesses

Mechanism	Eligibility	Eligible expenditure	Funding levels
<p>Rural Development Contracts – Rural Priorities¹ £500m fund administered by 11 Regional Project Assessment Committees and targeted on regional priorities as identified by local stakeholders.</p>	<p>Individuals, businesses and properly constituted groups Additional eligibility criteria may also apply.</p>	<p>Depends on the regional priorities and applications must refer to one or more of the regional priorities.</p> <p>Up to 75 options available covering a wide range of activities including:</p> <ul style="list-style-type: none"> • manure/slurry storage; • manure/slurry treatment; • setting up young farmers – interest rate relief; • creation, management and restoration of wetland; • hedge extension; • provision and upgrading of infrastructure; • renewable energy; • restructuring of agricultural businesses; • diversification; and • food processing marketing and cooperation. <p>All available options cover the 3 Axes.</p>	<p>Depends on the option applied for – general concept of a £100k cap.</p> <p>Option such as restructuring agricultural business had a ceiling of £100k and rate of support varied in relation to LFA (50%) and Non LFA.</p>
<p>Crofting Counties Agricultural Grant Scheme (CCAGS)² designed to provide assistance towards improving the infrastructure of crofting in the Highlands and Islands Enterprise Area of Scotland £3.5m funding</p>	<p>Owner occupiers of crofts and tenants within the Highlands and Islands Enterprise Area</p>	<ol style="list-style-type: none"> 1. Erection or improvement of agricultural buildings, and shelters for the temporary housing and sheltering of out-wintered livestock; 2. Works associated with agricultural building, including yards, hard standings, dung steads, slurry stores and silos (excluding grain silos); 3. Investment in land management including the initial grassland improvement works for the restoration of degraded land and the control of bracken; 4. Arterial drainage and field drainage including under drainage, hill drainage and ditching; 5. Provision or improvement of facilities for the organised feeding of out-wintered livestock including permanently fixed troughs and feed barriers and associated concrete bases; 	<p>The maximum grant earned in rolling 2-year period will not exceed £25,000 per individual crofter</p> <p>Rates of grant will be set at 50% of approved costs in Less Favoured Areas (LFAs), and 40% of approved costs in non LFAs. If you are under 40 years of age you will be eligible for a 10% enhancement</p>

¹ [Rural Priorities scheme overview, National Rural Network: Scotland website, 16th October 2014](#)

² [Crofting Counties Agricultural Grant Scheme, Scottish Government Executive, 16th October 2014](#)

Mechanism	Eligibility	Eligible expenditure	Funding levels
		6. Provision or improvement of equipment for the handling and treatment of livestock; 7. Planting of shelter belts and provision of fences, hedges, walls, gates or stock-grids; 8. Provision or improvement of amenities including water supplies, mains electricity connection or supply; supply and installation of an electricity generator; and provision of a gas supply; 9. Provision of electrical equipment; 10. Provision or improvement of access tracks to land improvement areas, roads, bridges, culverts or boat slips.	
Food Processing Marketing and Co-operation Grants Scheme³ Designed to help Scottish food producers, food processors, retailers and the food service sector work together to identify, inform and meet market demand, drawing on business advice and sharing resources and experience to develop ideas, control costs and increase incomes	Micro, small, medium and medium+ sized enterprises within the definition of the European Commission Recommendation 2003/361/EC (user guide below) are eligible to apply (On farm/near farm applicants should apply through Rural Priorities)	Support capital costs of businesses involved in the processing of primary agriculture produce to develop new, and improve existing processing facilities Eligible capital items included: <ul style="list-style-type: none"> • Purchase of second-hand equipment, under certain conditions; • Hire Purchase / Lease Purchase of equipment/machinery; and • Purchase of land not already built on, under certain conditions. 	The maximum level of funding any business can access under Food Processing, Marketing and Co-operation Grant Scheme is dependent on 3 key factors: <ul style="list-style-type: none"> • Business Size; • Business Location; • Activity.

³ [Guidance Notes for Claim Form, Food Processing Marketing and Co-operation Grants Scheme, February 2012](#)

Table 2: Standalone Scottish Executive supports

Mechanism	Eligibility	Eligible expenditure	Funding levels
<p>Farm Business Development Scheme⁴ Standalone project funded by Scottish Executive and designed to provide assistance towards the cost of diversification projects and investments in an agricultural holding.</p> <p>Scheme is now closed to application but provided £50.9m between 2001 and 2006</p>	<p>Farmers who operate an eligible business on an agricultural unity and their immediate family members who reside on or adjacent to that agricultural unit</p> <p>Covered all areas of Scotland outside the Highlands and Islands</p>	<p>Diversification elements included:</p> <ul style="list-style-type: none"> • Alternative agricultural production; • Leisure, Recreation and Sporting Facilities; • Retailing of processed Agricultural products; • Processing of agricultural products; • Residential letting; • Rural Services; • Tourist Accommodation; and • Tourist Facilities. <p>Investments in agricultural holding included:</p> <ul style="list-style-type: none"> • Livestock accommodation; • Storage sheds; • Systems for storage and disposal of agricultural waste; • Electricity supplies; • Water supplies; • Tanks and dippers; • Stock handling facilities for cattle; • Hard standings for livestock; and • Information technology to improve agricultural business effectiveness. 	<p>Maximum grant assistance of £30,000 per eligible business</p> <p>Up to £35,000 per eligible business if the project involves collaboration</p> <p>Differing funding rates, but up to 50% of eligible expenditure within LFA and up to 40% of eligible expenditure within non LFA.</p>

⁴ [Explanatory Booklet, Farm Business Development Scheme, Scottish Government website, 16th October 2014](#)

Table 3: SRDP 2014-20 - components with capital support potential for farm businesses

Mechanism	Eligibility	Support Scheme overview relevant for capital support	Funding levels
Scottish Rural Development Programme 2014-20⁵ – budget of total budget of £1.3 billion. This budget will be divided between 14 support schemes and packages	Lack of detail at this time	Agri-Environment Climate Scheme This scheme will provide targeted support for land managers to undertake management and capital work for environmental purposes. It will also include £10 million of targeted support for slurry stores and £6 million for footpaths and other works to support access management.	£350 million
		Crofting Support Scheme This scheme will provide grants to crofters to take forward improvements on their crofts which will help to sustain their business.	£14m
		New Entrants Support This scheme will provide start-up grants for new entrant young farmers. Further support will be available for new entrants, regardless of age, to access capital funding to improve their business.	£20m
		Small Farms Support Scheme £6m Targeted support for small farms that face similar issues as crofters regarding sustainability. The definition of small farms is currently being developed based on discussions with stakeholders.	£6m
		Food and Drink Support £70m The scheme will continue to provide support for SMEs in the food and drink sector with start-up grants for new enterprises, and business development grants.	£70m
		Broadband Support for broadband provision in rural areas	£9 million
		LEADER The LEADER Programme will provide support for the implementation of Local Development Strategies across Scotland. Support will be made available through Local Action Groups who will work with communities and businesses to help them achieve their ambitions. £20 million has been allocated for	£86 million

⁵ [Scottish Rural Development Programme guide, Scottish Government, June 2014](#)

Mechanism	Eligibility	Support Scheme overview relevant for capital support	Funding levels
		specific support for small business growth, including £10 million for farm and croft diversification, which will also be made available through LEADER	
		Beef Package The Scottish Government has provided this new money in response to support the beef sector which is a net loser from the shift from historic to area payments in pillar 1. £32.5 million of this funding is for improving the genetic resilience of Scotland's beef herd.	£45 million