



Crown Estate Economic Development Fund – Farm/Croft Diversification Grant Scheme

Guidelines

Orkney Islands Council's Crown Estate Economic Development Fund - Farm/croft diversification grant scheme.

This document details the eligibility criteria for assistance under the Farm/Croft Diversification Grant Scheme, and covers:

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Background

The Scottish Government has noted that in the future at least half of all funding for farming and crofting will be targeted towards outcomes for biodiversity gain and climate mitigation and adaption to improve the resilience, efficiency, and profitability of the sector. This implies an erosion of CAP payments from traditional criteria and is expected to reduce income significantly from livestock production over the next few years, and as soon as 2025.

The council previously delivered a Farm Diversification scheme funded by the EU LEADER Programme. A replacement programme, Community Led Local Development, funded by the Scottish Government does not include farm diversification as a stated funding priority. As a result, Orkney Islands Council has approved a new Farm Diversification scheme that is financed from net revenues generated by Crown Estate Scotland. Funding allocations from the Scottish Crown Estate are unknown and may fluctuate from year to year.

Principles of grant support

The introduction of a new farm/croft diversification grant scheme funded by Orkney Islands Council's Crown Estate Economic Development Fund aims to help locally owned farm/croft businesses to invest in non-agricultural diversification projects, which will create new additional income streams to help offset the loss of traditional CAP payments and improve resilience and sustainability of the farm/croft business.

Guidelines

The following sections provide guidance on what funding is available and how to apply.

Below are examples of diversification projects that may be considered eligible, but this is not an exhaustive list.

Retail - Farm Shop, Butchers, Bakery, Retail Outlets.

Residential Letting - Conversion of redundant farm building.

Service provision – Café, Kennels, Gallery, Snack bar, Exhibition Space.

Tourist Facilities - Farm Museum, Adventure Playground, Craft Enterprises.

Leisure and Recreation – Golfing, Equine Facilities, Mountain Bike hire.

Food processing – e.g., producing and selling cheese, yoghurt, bespoke meat etc.

Tourist Accommodation – Subject to planning authority guidance, various forms of Tourism accommodation may be considered such as Hostels or Self-catering with aspirations of achieving an equivalent to a minimum Visit Scotland 3-star grading. Details can be found www.visitscotland.com. Please note: Funding towards Tourist Accommodation is only permitted where it is deemed to be a new diversification project. For example, increasing the number of bedspaces or creating additional properties as part of a farm business which is already operating tourism accommodation is not eligible for this grant.

Any other viable diversification projects deemed eligible by the council.

Eligible applicants can apply for funding up to 30% of all eligible costs for a minimum grant award of £1,000 and a maximum grant award of £40,000. Applications will be assessed on a first come, first served basis. A budget has been allocated for the scheme, **there is no guarantee of additional funding being available once the budget is committed**, awards are discretionary and there is no right to appeal.

An initial eligibility check form may be submitted online or by contacting economic.development@orkney.gov.uk.

Eligibility checks

The applicant's farm/croft businesses must be based in Orkney.

This scheme can only fund non-agricultural projects and will not support the purchase of land, buildings, livestock, or agricultural equipment.

Applicants must be BRN registered and the BRN number must be provided in your application.

Applicants must be 'Active Farmers' and be able to evidence livestock and/or cropping from SAF submission.

Applicants with gross annual livestock output exceeding £100k are not eligible (as a 3-year average and as detailed in the business accounts provided).

Applicants must be a UK resident with the right to work in the UK.

Eligible businesses must be engaged in agricultural farming activity with a demonstrable trading record.

Only expenditure made on or after the date of any offer of grant is eligible. Any items committed to before the date of the offer letter will be ineligible (this includes orders placed).

If an application is approved, payment of any grant is made retrospectively based on claim evidence.

Projects which intrinsically have the potential to bring the Council into disrepute or cause harm to the reputation of Orkney will not be considered.

Exclusions

- Purchase of land, buildings, livestock, or agricultural equipment.
- Like for like replacements of equipment.
- Debt repayment or lease agreements.
- Project costs that have already been committed to or spent prior to the project start date.
- Payments not supported by invoices and/or documents proving expenditure.
- Consumables – unless directly related to delivery of the project.
- Repair and maintenance costs deemed as unplanned, reactive works as part of routine works for buildings, plant, equipment, or any other items.
- Additional bed spaces at farm/croft businesses already operating as accommodation providers.
- Any other costs deemed ineligible by the Council.

Who can apply?

Existing Farm/Croft businesses registered and located in Orkney may be eligible for support in line with above guidelines and where the following applies:

There is a cap of £100,000 on gross livestock output, averaged over three years (and as detailed in business accounts and/or confirmed by an accountant).

The applicant must be a farmer/crofter or member of a farm/croft household.

The business must support a Full Time Equivalent employee (This can include the Business Owner).

How do I apply?

This scheme will have a two-stage application process. Applicants are strongly encouraged to discuss their potential projects with Council economic development officers in advance of submitting an Initial Eligibility Checker form and again before submitting the second stage full application.

Stage One is Eligibility Checker and applicants are required to clearly demonstrate the intended diversification project.

Stage Two requires completion of the full application form and is by invitation only. Applications will be required to include a range of supporting documents as indicated in the list below.

The Eligibility Checker available at www.orkney.gov.uk or on request from economic.development@orkney.gov.uk.

Once completed this should be submitted to the Economic Development Service, where it will be assessed and projects deemed eligible will then be provided with the application form with a case number, ideally within 5-10 working days. The application form should be fully completed, submitted with the requested supporting documentation by the final round dates noted in Section 6 – applications without this supporting documentation cannot be progressed.

If invited to apply the following documentation will be required to accompany an application:

- VAT registration number if applicable.
- Permissions and statutory consents confirmed where applicable (e.g. planning permission, building warrant). **Grant awards are conditional on applicants seeking all regulatory requirements such as Planning Permission, Health and Safety at Work, and other relevant trading legislation.**
- Confirmation of match funding (or submission of application and likely date of outcome).
- Business Plan or Project Plan.
- Project cash flow.

- Most recent 2-3 years audited / certified annual accounts if available.
- Most recent bank statements covering a period of 6 months.
- A declaration of the amount of grant funding (excluding farm subsidies) in the last 3 financial years.
- Itemised quotes for the total project, each quote must include supplier details, details of the exact item being purchased, prices and any applicable VAT.
- Any other appropriate information as requested.

Reason for application

You will be asked to provide a brief description that outlines your intended diversification project including a clear statement of the expected benefits of the proposed development investment in terms of the viability and turnover or increased productivity of the farm. You will also be asked to give indicative costs and the timescale of the project.

We ask all applicants to ensure they undertake reasonable enquiries into the perspective project viability with relevant governing bodies at the earliest opportunities, including with local authority Development Management team (Planning) where applicable. Please contact planning@orkney.gov.uk.

What happens to my application?

Applications will initially be reviewed by a Council Officer. Applications will be accepted as per the dates below. The Draft deadline for applications will be one week before the closing dates and officers will be on hand to assist with your application throughout the process.

Round 4 – Full Application Draft Deadline Monday 10th June 2024

Closing date for this Round 14th June 2024

Round 5 – Full Application Draft Deadline Monday 9th September 2024

Closing date for this round Monday 16th September 2024

Round 6 - Full Application Draft Deadline Monday 11th November 2024

Closing date for this round Monday 18th November 2024

Round 7 – Full Application Draft Deadline Monday 20th January 2025

Closing date for this round Monday 27th January 2025

There will be rolling quarterly deadlines until the scheme funding has been fully committed.

All outcomes will be communicated to applicants and the Council's decision is final.

There will be no right of appeal.

What conditions apply?

- This section details the conditions that will apply to all grant awards prior to applicants receiving and accepting an offer of grant assistance. A breach of any of the conditions described below may lead to the Council seeking repayment of the grant in full.
- The applicant must be authorised to make the application on behalf of the business.
- Any grant awarded in contravention of Subsidy Control rules, (irrespective of whether there was a deliberate or otherwise deception or error, or as a result of any misleading statements submitted by application) will be recoverable in full and legal action may be taken.
- Applicants must be prepared to submit to the Council details of the benefits and impacts which have been achieved by the support provided for monitoring and evaluation.
- Any grant payment received must be declared to HMRC as appropriate as part of the tax return for the business.
- By making an application, whilst the information will be confidential from a public perspective, applicants are agreeing to all information being shared within the Council.
- All successful applicants must make their premises available for inspection by Council representatives at all reasonable times and must conform to all regulatory requirements such as Health and Safety at Work and other trading legislation. All buildings and equipment, which have been the subject of grant assistance, must be properly insured and have appropriate insurance to cover all public and employment liability; applicants must be able to produce evidence of insurance when requested by the Council.
- For capital grants of up to £20,000 – a five-year obligation period applies: lasting five years from the date of payment of the last instalment of the grant.
- For grants of £20,001 and above - a ten-year grant obligation period applies; lasting ten years from the date of payment of the last instalment of the grant.
- For grant offers in respect of the development of tourism facilities – a ten-year grant obligation period applies; lasting ten years from the date of the payment of the last instalment of the grant.
- The council may at its discretion apply additional conditions which would specifically relate to the project being assisted, for example a requirement to obtain planning permission prior to any grant funding being released.
- If your business is sold, ceases to trade or is otherwise in breach of the grant conditions during the grant application obligation period, the Council will be entitled to repayment of the grant. In certain circumstances the amount repayable will be reduced proportionally over the grant obligation period. You should contact the

Council's Economic Development Service as soon as possible if you wish to sell your business or think you may be in breach of any of the grant conditions.

Subsidy Control

Grants such as the Farm/Croft Diversification Scheme, are a form of subsidy and therefore fall within subsidy control rules and regulations. To comply with the regulations, any previous 'de minimis' or 'minimal financial assistance' ("MFA") subsidy support from all public agencies received in the previous 3 years must be declared, plus any pending applications for business support. Any subsidy granted must not exceed the threshold of £315,000 cumulated over this and the previous two financial years, as specified in section 36(1) of the Subsidy Control Act (2022).

Grant awardees are required to keep a written record of the amount of MFA that has been received and the date(s) when it was received. The written record must be kept for at least three years beginning with the date on which the MFA was given. This will enable applicants to respond to future requests from public authorities on how much MFA has been received and help determine whether the cumulative threshold has been reached.

Please note that the various Government COVID grants awarded during the pandemic are not included in the Subsidy Control limits. Officer guidance is available on request.

Before an offer of grant can be confirmed, written confirmation is required that receipt of the grant offer will not cause the applicant business to exceed the subsidy control threshold of £315,000 in MFA subsidies or comparable types of subsidies (see section 42(8) of the Subsidy Control Act) in the last 3 financial years.

If you have any questions regarding the guidance or wish to enquire about the grant, please contact economic.development@orkney.gov.uk or call 01856 873535.