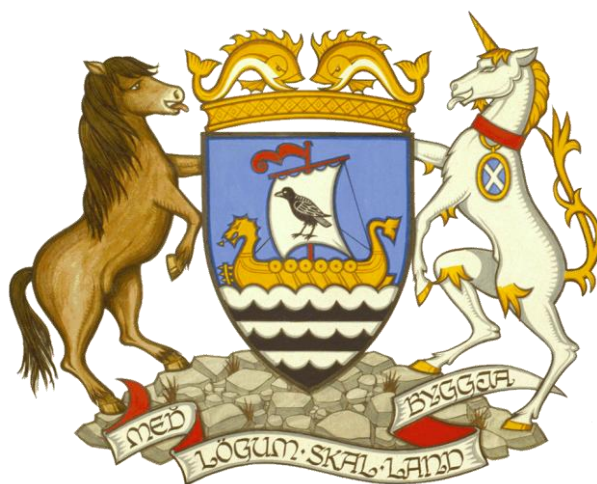


# Shetland Rural Development Scheme



**Guidance notes for applicants**

## Section One

### **Aims and Objectives of Scheme**

Shetland Rural Development Scheme (SRDS) is designed to provide assistance towards improving the infrastructure of crofting and eligible small / medium scale agricultural businesses operating in Shetland.

By aiding and developing agricultural production of crofting and similar scale agricultural businesses, the principle aim of SRDS is to sustain the economic basis and way of life, and so help retain population in a particularly fragile, remote and vulnerable area.

In order to comply with State Aid regulations the measures detailed in this guidance are in accordance with Article 4 of Commission Regulation 1857/2006.

The objectives of SRDS are as follows:

- To reduce production costs
- To improve or redeploy production
- To improve quality
- To preserve and improve the natural environment, hygiene conditions and animal welfare standards.

SRDS assists with the provision of facilities for the wintering of livestock and storing winter fodder, which helps contain the cost of production by reducing waste and the resultant need to import additional fodder with its very high associated transport costs. SRDS also promotes improved grassland management through the establishment of appropriate fencing and ditching to facilitate mosaic grazing patterns that are environmentally harmonious, in the best interests of animal welfare, and which therefore ensure the quality of produce without an associated increase in production. SRDS assists with the provision of facilities for the more efficient and sustainable production of vegetables. SRDS provides assistance to local non-profit making training providers, with the aim that where demand exists in the agricultural community for training it can be provided readily and to an appropriate standard – this helps existing farmers and crofters, but also helps to encourage newcomers and youngsters to become involved with agriculture. While by no means exhaustive these examples are indicative of the outcome and benefit of support provided by the Scheme.

### **Duration of Scheme**

The Scheme will open on 1 April 2012, and will run until 31 December 2013.

### **Annual Budget**

An annual budget of £60,000 (Sixty Thousand Pounds) will be assigned to the Scheme.

### **Selection Process for Scheme**

The Scheme is designed to be non-competitive in nature – for full details of eligibility and what is expected of applicants and their projects, see Sections Two (Eligibility for Assistance) and Three (Eligible Works) of these Guidance Notes.

## Section Two

### Eligibility for Assistance

#### Q1 As a crofter or farmer in Shetland, am I eligible for assistance?

Yes, provided you are applying for assistance for an agricultural holding you either own or are a tenant of within the defined boundaries of the County of Shetland, and the operation you are seeking to undertake is one assisted under the terms of the Scheme (see Appendix 1).

If you are eligible for assistance from the Crofters Commission under their Crofting Counties Agricultural Grants (Scotland) Scheme (CCAGS), it is expected that you will in the first instance approach CCAGS for assistance.

Applications for assistance under SRDS must be accompanied by proof that the applicant is **not** eligible for assistance under CCAGS. However where ineligibility for CCAGS is due to the land being “non-croft” a letter relating to an earlier application may be acceptable.

#### Q2 Is there a maximum limit for assistance?

The maximum grant assistance provided per individual business in any financial year will not exceed £3,000 for non-building work, or £25,000 for steading building work.

#### Q3 What is a business?

A business means any one agricultural business involved in the primary production of agricultural products being undertaken by a crofter or farmer whether as an individual or in association or partnership with others.

A Common Grazing Committee may also qualify as a business where work is undertaken on a common grazing.

A business must also be classified as a small or medium sized enterprise (SME) in line with Annex 1 of Commission Regulation 70/2001 (as amended). In summary, an SME:

- Has fewer than 250 employees;
- Has either an annual turnover not exceeding 50 million euros, or a balance sheet not exceeding 43 million euros;
- Is not owned at a rate of more than 25% by other companies.

Q4 What other criteria must I satisfy to qualify for assistance?

Assistance will only be granted to eligible agricultural businesses which meet the following standards:

**Hygiene and Animal Welfare:** It is a condition of grant that improvements carried out satisfy all statutory requirements and observe the latest Codes of Practice (Animal Welfare, Food and Animal Hygiene), control of pollution (PEPFAA, Groundwater Directive), Transport (Welfare of Animals in Transit) and generally adhere to Good Farming Practices. Moreover, it is expected that recipients of grant assistance will comply with any Animal Health schemes operated by Shetland Islands Council.

**Skill and Competence:** All projects must be done to a reasonable standard and conform with legal requirements. It is appropriate to buy in specialist skills if applicants do not have the ability to undertake the work themselves.

**Market Outlets:** Produce from crofting and small-scale agriculture in Shetland has a well-defined identity due to its traditional production methods. Marketing of livestock has changed little over the years, and continues to be through local markets or local marketing initiatives. While no assistance is provided by SRDS in the marketing of produce, it is a condition under the Scheme that proposals for non-traditional agricultural operations (i.e. soft fruit or horticultural enterprises, excluding the planting of annual plants) will be assisted only if they are supported by a business plan which identifies market outlets for produce from the proposed development. It remains open to Shetland Islands Council to seek confirmation from the market outlets you have identified in your application.

## Section Three

### Eligible Works

Q5 What type of work is eligible for assistance under the Scheme?

A list of operations eligible for grant is provided in Appendix 1.

Q6 What rate of grant assistance will be provided?

The rate of grant will be set at 50% of eligible costs, as Shetland is designated by the EU as a Less Favoured Area (LFA).

Q7 How is the eligibility of the work for grant aid assessed?

A grant will only be available if you can demonstrate that the project meets one or more of the following objectives:

- To reduce production costs
- To improve or redeploy production
- To improve quality
- To preserve and improve the natural environment, hygiene conditions and animal welfare standards.

Appendix 3 provides some examples of how works undertaken can meet Scheme objectives.

The proposed operation will also have to be justified on agricultural grounds. It is the applicant's responsibility to demonstrate the agricultural need for the proposed operation. A site visit to visually inspect the site of the proposed works may be made by Shetland Islands Council Economic Development Unit officers. It is expected that the proposed operation will be technically sound, and will comply with all relevant statutory measures designed to ensure this (see Section Five, Applicant's Responsibilities, Q23) – failure to meet relevant statutory responsibilities may result in a delay or non-payment of grant assistance. Furthermore, it is expected that the proposed operation will be demonstrably not in excess of the market rate for a like operation – see Q8 following in these Guidance Notes.

**NB – replacement items:** Support will **not** be available for applications which are solely intended to replace existing improvements and which are intended to serve the same purpose as the original. However, grant can be provided where it is a first time improvement, where an improvement is an integral part of a larger project, or where a substantive upgrade is involved.

**Q8 How can the work be carried out?**

You can either do the work yourself or arrange to have the work done by a contractor. Labour and material costs are to be claimed on an Actual Cost basis. The value of your own labour costs (including that of employees) should be in line with the current Agricultural Wage Board rates, time sheets are required in support of these costs.

In all cases where work is to be undertaken by a contractor you should supply at least one quote. For works with a value greater than £2,000 at least two quotes will be required.

All work must be carried out to a standard comparable with the specifications for the Crofting Counties Agricultural Grants Scheme (CCAGS). However, suitable alternatives can be considered where it is demonstrated that the material used and designs proposed are fit for the intended purpose.

**Q9 Is it possible to combine SRDS assistance with other forms of grant aid?**

No. Applicants for assistance under SRDS may not apply for grant aid under any other publicly-funded grant schemes for all or part of the same work.

**Q10 Do I need to obtain prior approval before starting work?**

Yes. Grants will not be paid should you incur costs or start work before receiving our written authority to do so.

### Q11 How do I obtain prior approval?

In order to be considered for grant assistance you will need to complete an application form. Application forms are available from the Shetland Islands Council Economic Development Unit (EDU), Solarhus, 3 North Ness Business Park, Lerwick ZE1 0LZ.

The grant application must be submitted to the EDU who will carry out an assessment of your application to determine the following:

- The need for the project for which grant aid is sought;
- The viability of your business and the project;
- The all round sustainability of your project and farm business including the existence of normal market outlets for the product(s) concerned;
- That you comply with the specified statutory minimum standards regarding the environment, hygiene and animal welfare (this may need to be externally verified);
- That you possess adequate occupational skill and competence or intend to appoint persons with those skills and competences to undertake the project.

### NB

1. The investment must **NOT** be solely for the purpose of increasing production capacity;
2. Investments which are simply to replace an asset will **NOT** be eligible;
3. You must demonstrate that the investment meets **one or more** of the criteria set out in Question 7 of these Guidance Notes.

### Q12 What happens next?

Once your application for prior approval has been received, a member of staff from the Council's EDU may visit you to discuss your proposals in more detail.

#### **If you are successful –**

You will receive a letter of offer and a claim form from the EDU. Your letter of offer will state what grant you will receive and any special conditions attached to it. The grant subsequently claimed should not exceed the amount set out in the letter. **Applications for grant aid must be approved before costs are incurred and/or the work started.**

Timescales for claiming grant will be included in your letter; you will normally be expected to complete the work within 12 months of the date of offer. The offer of grant will be withdrawn if the work is not completed and a claim form submitted within these deadlines.

**If you are unsuccessful –**

You will receive a letter explaining why from the EDU.

**Q13 Can I request a change to my offer of grant after it has been issued?**

Yes. However, any request to vary the offer of grant must be made in writing to, and confirmed in writing by the EDU.

**Q14 What assistance is available for organic production?**

Where organic materials are used in investment in land management operations the full cost of the materials used can only be claimed if the applicant is registered with an approved organic body. If you are not registered with an approved organic body your claim will be restricted to the value of non-organic alternative inputs.

## Section Four

### Claiming Grant

#### Q15 How do I claim grant?

A claim form will be enclosed with your written letter of offer. Once work has been carried out the claim form must be fully completed and submitted to the EDU (see Appendix 4 for contact details), who will carry out an assessment to determine that it meets the following conditions:

- Eligible costs are incurred by the legal occupier of the business applying for assistance;
- Claims made on an actual cost basis are accompanied by original receipted invoices;

A site visit to visually inspect the works may be made by EDU officers. Upon satisfactory completion of the assessment, we will issue a final grant payment providing all the conditions of the Scheme have been met.

Where works fail to meet the required standards, you will be notified in writing, and will be allowed 28 days to complete any remedial work and resubmit your claim.

#### Q16 What receipted invoices and other supporting documentation am I required to submit with my claim under actual costs?

These are detailed in Appendix 2.

#### Q17 How are the grant payments issued?

All payments are now paid directly through bank accounts. You will need to provide your bank details in your claim form.

#### Q18 Can I have my grant aid paid directly to a contractor or supplier?

No. In order to process your claim for grant assistance, EDU require fully receipted invoices showing that payment for goods or services has been made in full.

**Q19 How does Value Added Tax (VAT) affect my claim?**

If your business is not registered with Customs and Excise for VAT purposes, grant will be paid on the full cost of the eligible works including VAT, where appropriate. If your business is registered for VAT purposes, grant will be paid exclusive of VAT.

**Q20 How long will it take for my grant claim to be processed?**

If your claim is not selected for inspection we will normally make payments within 42 days of receiving a valid claim. If your claim is selected for inspection we will normally make payments within 90 days.

## Section Five

### Applicant's Responsibilities

#### Q21 What are my responsibilities in terms of participation in the Scheme?

##### 21.1 Continuing Agricultural Use

All items purchased or constructed with the assistance of grant aid must remain in use for the purpose for which the grant was approved, which is normally 10 years (or for their useful life if this is less than 10 years and correct maintenance has been carried out).

##### 21.2 Retention of Assets

Where a grant recipient disposes of assets that have been the subject of a grant within 5 years of receipt of that grant, we would normally expect you to repay the whole amount of grant with interest.

##### 21.3 Insurance

The responsibility for the design and execution of the works and any liability arising therefrom lies solely with you. It is advisable for you and 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 eligible for grant.

##### 21.4 Provision of Accurate Information

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

**NB** – where it is discovered that any condition has been breached there will be discretion to recover all or part of the grant with interest. Where it is established that any information provided in support of the claim is materially false or misleading, this will result in the refusal of assistance or the recovery of all grant paid plus interest, and may also invoke legal proceedings.

#### Q22 What are my statutory responsibilities?

Approvals, regulations and notifications must be complied with before grant is claimed. These may include, but are not limited to: Planning Permission; Building Warrant / Certificate of Completion; Building regulations; Fire Certificate; Health & Safety; SSSI; AONB; Natura 2000; National Nature Reserve; Ancient Monument; Listed Buildings;

Public Rights of Way; Conservation Areas; ESA / RSS; SEPA regulations; etcetera.

**NB** – this list is not exhaustive, and it is the applicant’s responsibility to ensure that all relevant regulations are complied with.

**Q23** What if my croft/farm lies within a Site of Special Scientific Interest (SSSI)?

In SSSI’s separate arrangements apply. You will have received a list of “operations likely to damage” (OLD’s) for the site when it was notified as a SSSI. If you wish to apply for grant for a proposal included in the OLD list you must notify Scottish Natural Heritage (SNH) at least 4 months before you intend to begin work. Any other consents required for the proposal should be obtained before notifying SNH. In the majority of cases SNH will be able to consent to the operation. If you carry out an OLD without SNH’s consent this will breach the Standards of Good Farming Practice. Compliance with these Standards is a condition of SRDS and current Agri-Environment Schemes, and breach may result in any SRDS (or Agri-Environment) payments being restricted/recovered. Where SNH refuses consent to your operation they are obliged to offer a management agreement to compensate for any loss of income from a genuine proposal. This compensation will exclude any restriction of SRDS or Agri-Environment payments that would have been made had the operation been carried out without SNH’s consent. SNH local staff will be happy to discuss your proposals.

**Q24** What if my croft/farm lies within a National Nature Reserve (NNR)?

You will have agreed with SNH how the NNR should be managed for primacy of nature conservation in a Management Agreement. This agreement will govern your proposals and SNH local staff will be happy to discuss any uncertainties that you may have.

**Q25** Are there any Regulations concerning any change of use of croft land?

Yes. The Environmental Impact Assessment Regulations have been in place since February 2002. This means that crofters and farmers now must seek written approval from Scottish Government Rural Payments and Inspections Directorate (SGRPID) before converting unused land (e.g. ploughing of land not cultivated in the last 15 years) to intensive agricultural use if these works are likely to have a significant effect on the environment.

For further details please contact the local SGRPID office or the EIA Uncultivated Land website – [www.scotland.gov.uk/agri/eia](http://www.scotland.gov.uk/agri/eia)

## Section Six

### Freedom of Information

#### **Freedom of Information (Scotland) Act 2002**

In accordance with the Freedom of Information (Scotland) Act 2002, Shetland Islands Council EDU may be required to make any application for grant available for public scrutiny. In submitting a grant application and supporting documents, please let us know if there are any elements of it which would prejudice substantially your commercial or other interests if they were made public. Please note that there may nevertheless be a public interest in publishing the material submitted.

## Items Eligible for Grant

### 1.1 Principle Categories of Eligible Operations

#### Operation

- Erection or improvement of agricultural buildings and facilities for the housing and sheltering of over-wintered livestock.
- Works associated with agricultural buildings, including yards, hard standings, dungsteeds, slurry stores and silos (excluding grain silos).
- Investment in land management including the initial grassland improvement works for the restoration of degraded land and the control of those weeds listed in the UK Weeds Act 1959 [Creeping Thistle (*Cirsium arvense*), Spear Thistle (*C. lanceolatum*) Curly Dock (*Rumex crispus*), Broadleaf Dock (*R. obtusifolius*), and Ragwort (*Senecio jacobaea*)] and other non-avian or non-mammalian infestations, such as leatherjackets (*Tipula palidosa*).
- Arterial drainage and field drainage including under drainage, hill drainage and ditching which leads to a 25% reduction in water use.
- Provision or improvement of facilities for the organised feeding of out-wintered livestock including permanently fixed troughs and feed barriers, and associated concrete bases.
- Provision or improvement of equipment for the handling and treatment of livestock.
- Planting of shelter belts and provision of fences, hedges, walls, gates or stock grids.
- Provision or improvement of amenities including water supplies, mains electricity connection or supply; and supply and installation of an electricity generator.
- Provision of electrical equipment.
- Provision or improvement of access tracks to land improvement areas, roads, bridges, culverts or boat-slips.

**NB REPLACEMENT ITEMS:** Support will **not** be available for applications which are solely intended to replace existing improvements and which are intended to serve the same purpose as the original.

## Items Eligible for Grant in accordance with Article 4 of Commission Regulation 1857/2006

### 1.2 Additional Information on Eligible Operations

#### **Agricultural Buildings (Relates to Operation No.1)**

Investment is eligible where this relates to the construction of permanent buildings for agricultural livestock, including all the usual buildings for keeping livestock and storing crops produced on the unit. Buildings for general service purposes and buildings for other kinds of livestock kept for the production of meat, milk, wool, hides or eggs can also be supported. The provision of facilities for sheltering out-wintered livestock are eligible.

All improvements must be durable and not flimsy or makeshift. Buildings must comply with British Standards where these are appropriate, and assuming normal use and maintenance continue to benefit the agricultural business for a minimum of 10 years. Plastic clad structures for horticulture or livestock are eligible, providing the structure satisfies the structural requirements for the particular site. The plastic cladding to the frame is not normally eligible for assistance. The structure must satisfy all other aspects such as welfare, ventilation, escape etc.

Also included are ancillary works such as demolition works, pen divisions, feed barriers, water supplies including storage cistern, trough, bowl, nipple drinkers etc, electrical wiring to light points, switches, sockets and starter switches etc, the provision of rainwater disposal system to the building, aprons, screen walling, amenity planting and penning where necessary.

Size of steadings – assistance will be limited to the size and type of steading suitable to the actual or potential needs of the holding assessed by the Agricultural Officer, but the total land held by the applicant may be taken into account. Seasonal or grazing lets are **not** to be taken into account.

It is difficult to be wholly prescriptive on a minimum size, but it is reasonable to argue that on a value for money basis a minimum size of croft building can be considered. This being the case, we would not be over-equipping many crofts or farms if we were to assist a general purpose building with dimensions 5m by 6m providing a floor area of 30 square metres (based upon an average souming or stock carry of 2 cows and 10/15 sheep). On an active croft with a souming or stock carry of 5/6 cows and 100 sheep, with a modest suite of agricultural machinery, a building providing a floor area 120 square metres would be considered adequate. However, to accommodate the larger crofts and farms and for particularly active crofters we should be flexible enough to consider an applicant's proposals for a larger building. In such cases it would be for the applicant to make a clear case for a building that would exceed this size.

The building must be on the croft or holding. In doubtful cases documentary evidence may be sought.

## Items Eligible for Grant

### **Slurry stores and related equipment (Relates to Operation No.2)**

The provision of roofed and unroofed silos (excluding grain silos) and other works associated with agricultural buildings including: yards; hard standings; dungsteads; and slurry stores are all eligible. Stores for all grain to be used on the holding are eligible.

Investments relating to items constructed post 1 September 1991 are covered by the Control of Pollution (Silage, Slurry and Agricultural Fuel Oil) Regulations 1991, and will be deemed to meet the minimum standards. Investments to bring items in line with the 1991 Regulations will **not** be eligible for funding, because the grant can only be used to fund items necessary to comply with recently introduced regulatory or statutory requirements. Where the facilities are being improved from the minimum standards to above the minimum standards then grant aid may be considered.

If there is a change to the farming system, e.g. from straw bedding to cubicles, the investment could be considered for grant aid.

Low volume umbilical slurry irrigation systems

Fixed equipment such as pumps and pipes are eligible for grant, but associated mobile elements such as hoses, reelers and applicators are considered to be routine agricultural machinery items for the disposal of slurry and as such are not eligible.

Earth bank silage pits and earth bank slurry lagoons could, in theory, be grant aided provided they meet all necessary regulations and codes of good agricultural practice. However, in practice it is almost impossible to construct either structure to a standard that would be acceptable to SEPA. Where earth bank structures proposed, guidance must be sought from SEPA. Advice on silage and slurry store facilities may be obtained from SEPA.

### **Investment in land management (Relates to Operation No.3)**

Grant is available for the initial grassland improvement works for the restoration of degraded land, which is intended to bring about distinct and durable improvement in the quality of permanent pasture. Before approving applications, checks will be carried out to ensure that the investment is justified on both agricultural and cost-benefit criteria. The necessary works may include ploughing, cultivation, herbicide sprays, suitable grass seed mixtures and appropriate amounts of lime and fertilisers as required to create a new sward. Any routine application of lime and fertiliser to adjust a nutrient imbalance without sowing grass seed will not be eligible for SRDS grant.

Application of fertiliser must be determined by implementation of nutrient budgeting schemes to prevent over-application of nutrients. Soil analysis is eligible for grant aid as part of an acceptance scheme, but will not exceed 12% of the approved project costs. Improvement of virgin, unenclosed hill will **not** be eligible for assistance.

## Items Eligible for Grant

### Investment in Ditching and Field Drainage Systems (Relates to Operation No.4)

To help prevent soil degradation, grant assistance is available for the excavation of new ditches and regrading of existing ditches. Installation of new pipe or tile under-drainage systems on previously improved, enclosed land, and the improvement or intensification of existing pipe or tile under-drainage systems is eligible for assistance. The installation of suitable permeable backfill above the new drains to improve the permeability of the drain trench is also eligible. The cost benefit criteria will be taken into account in relation to the quantity of infill used. In cases of doubt you should consult EDU.

Eligible ancillary works include subsoiling, mole drainage, provision of gravel-filled mole channels or gravel-filled narrow trenches where the work is an integral part of installing a new under-drainage system and provided that permeable infill is placed above the new pipe drains to act as a connection to the soil treatment works, the provision of any ancillary structures required for effective land drainage, including drain outlets, inspection chambers, silt traps and inlet grids, and drainage pumps, culverts and simple access bridges, high pressure water jetting to remove ochre in certain circumstances when carried out in association with the installation of a new under-drainage system.

Arterial drainage and field drainage including under drainage, hill drainage and ditching which leads to a 25% reduction in water use is eligible for assistance, in accordance with article 7(c) of Article 4 of Commission Regulation 1857/2006.

Works ineligible for grant include maintenance work and routine replacements of all descriptions including: the pitting and rodding of drains, jetting and the repair of pipes, culverts or other associated structures, mole drainage, subsoiling, gravel-filled mole drainage or gravel-filled narrow trenches not associated with a new under-drainage system or associated with a new under-drainage system installed without permeable infill, repeat subsoiling, moling, gravel-filled moling or gravel slotting, piping and filling ditches for land reclamation.

The cost of any necessary field exploration may be eligible for grant as part of an acceptable scheme, but will not exceed 12% of the cost of the approved project.

It is your responsibility to consult and obtain any necessary wayleaves or other permissions that are required and to comply with any statutory requirements which may apply to the proposed works. Providing it is for the benefit of your agricultural business, work under this item may be eligible even if it is to be carried out on land outwith the business.

All claims for grant on field drainage, including ditching, must be accompanied by a plan – drawn to scale – of the completed work. Plans should be of a suitable scale, preferably 1:2500. Drain layout must be plotted accurately showing the size and length of each drain laid, and the exact position of junction boxes, inspection chambers etc. The cost of providing the plan is eligible for grant. You may be required to expose short sections of the work at your own expense to allow inspection.

## **Items Eligible for Grant**

### **Provision of improvement of equipment for the organised feeding of livestock (Relates to operation No.5)**

Provision or improvement of equipment for organised feeding of livestock can be eligible providing it is associated and fixed to an existing facility and has no facility for any mobile use, whether on croft or not.

Eligible items include permanently fixed troughs, feed barriers, concreted or hardcore hardstandings, feed rings, and calf/lamb creeps. In some circumstances eligible facilities may be more appropriate on a township basis.

### **Cattle Crushes (Relates to Operation No.6)**

This could be eligible providing it is fixed (bolted) in one location, and preferably is an integral part of a new handling system (but can also be part of an existing handling system). In exceptional circumstances, portable/demountable crushes may qualify as part of a handling system.

### **Mobile Stock Handling Facilities (Relates to Operation No.6)**

The purchase of a set of pens that can be dismantled and re-erected would not constitute sufficient justification for grant; however, in a situation where a mobile system is clearly required on a unit with parcels of land at a distance from one another they could be considered as such a system could reduce movements of sheep with associated benefits to animal welfare. Inclusion of such a system in an application would have to be supported by a justification that clearly shows the benefits of a mobile system over and above a fixed location system on a unit that can justify the capital investment. In the majority of cases the pens should not be the only item being funded; they should contribute towards more wide-ranging improvements to the system of husbandry as a whole.

All investments that include mobile equipment will be considered on a case-by-case basis. The case for a mobile handling system would be strengthened if an applicant is able to identify suitable fixed locations for use.

In addition to the above, mobile handling systems must be able to demonstrate one or more of the following:

- Animal welfare/environmental benefits (e.g. reduced movements of sheep)
- Better efficiency of production (e.g. lambs can be drawn for slaughter more frequently leading to premium weights and grades being more regularly achieved).

## **Items Eligible for Grant**

### **Fencing, Dykes, Hedges, Gates and Shelterbelts (Relates to Operation No.7)**

Fencing may be eligible for grant where it forms an essential part of a project, contributes to animal welfare, biosecurity, crop protection, or traditional field boundaries. Only the most cost effective appropriate type of fencing will be eligible.

As with other types of expenditure, assistance is **not** available for replacement fencing.

The establishment of an affective hedge or shelterbelt for the protection of livestock or crops essential ancillaries such as protective fencing and ditching, and windbreaks for horticultural business are eligible. Ineligible items include commercial forestry. Shelterbelts and hedges must be designed to fulfil the required agricultural purpose.

For wall and dyke improvements including flag fencing, recognisable sections not less than 5 metres in length must be substantially rebuilt. The existing materials or additional materials from old walls may be used in the restoration work. Substantial rebuilding may include setting the upper courses and copingstones of drystone dykes in cement mortar. Comprehensive pointing of a drystone dyke or wall for the first time or comprehensive repointing operations are only acceptable when this is common practice in the area, keeping in mind the amenity consideration. Piecemeal repointing or minor repairs are **not** eligible.

### **Amenity Services (Relates to Operation No.8)**

Assistance can be given for connection for the supply of water and electricity to agricultural outbuildings, where an agricultural need is clearly demonstrated.

Domestic supplies are **not** eligible.

### **Electrical Equipment (Relates to Operation No.9)**

This item covers the provision of electrical equipment designed for a specific agricultural purpose and required to promote or complete the production stages of a commodity. Eligible items include: fans for grain and hay drying; electrically powered augurs, bruisers, mixers etc; sheep shearing equipment, including clipper heads; portable generators required to power eligible equipment.

An electrical certificate must be submitted with any claim for grant aid on an electrical installation.

## Items Eligible for Grant

### Roads, Bridges and Culverts (Relates to Operation No.10)

Eligible items include:

- The construction of a new road or bridge where none existed before. Making roads from native soil or subsoil without the addition of other materials may be eligible where site conditions are considered satisfactory. Where conditions are less than satisfactory the use of geo-textile to stabilise the sub-base may be necessary;
- The substantial upgrading of an existing road, which must include the addition of new materials to a suitable depth over the whole surface;
- Grouting and coating with bituminous emulsion and chippings where this is part of making up a new road or improving an existing road;
- Work on an existing road designed to improve drainage by altering the level of the surface, providing grips, or strengthening steep slopes with more suitable materials, e.g. coated macadam or concrete. Such work would only be approved in those places where it is really necessary;
- Widening roads and constructing bridges and culverts;
- Where there is a danger or hazard to persons or stock as a result of works being done under this operation, safety and protective fences or walls of a permanent kind can be provided as part of the works eligible for grant under this paragraph, as are consequential works such as the re-erection of fences and walls.

The cost of constructing a new road can be disproportionate to the agricultural income of the croft or farm, and other investments that may take place on the holding. Normally roads are justified where the absence of an access to carry out an agricultural activity on the land would render such activity difficult/impossible. Associated bridges and culverts should be designed and constructed to suit the needs of the agricultural business, in accordance with good civil engineering practice. Boat slips (where the applicant's holding borders the sea) that are required to improve the welfare and handling of stock may also be eligible.

Roads, bridges, culverts and boat slips that serve a domestic purpose will **not** be eligible.

### Investment in Access Tracks to Land Improvement Areas (Relates to Operation No.10)

Eligible works comprise the formation of tracks or the hardening of an earth road to give access to previously treated land improvement areas. Such tracks may be constructed on the existing ground surface or excavated subsoil without the addition of any other materials where site conditions are considered to be satisfactory. Works may include bulldozing, blasting rock, levelling, consolidating and ancillary drainage work.

Access tracks should be constructed to the minimum standards needed to fulfil their intended agricultural purpose.

## Items Eligible for Grant

### 1.3 Specific Restrictions

#### **Mobile Equipment**

Mobile equipment is **not** generally eligible; exceptions are where the equipment is essential and integral to the project, i.e. the project could not go ahead without this equipment or the project could not function or operate properly without this equipment. The item must not be the only item being funded, but must contribute to a wider project aim. The equipment should provide value over the economic life of the project – a minimum of 5 years.

#### **Additional Conditions – mobile equipment**

- The serial numbers of any equipment must be retained along with any documentation relating to its use;
- The applicant must retain a register of all equipment;
- The equipment must be available for inspection;
- The applicant must advise if there is intended change to the stated use of the equipment.

#### **Purchase of Production Rights, Animals, Land or Plants**

The purchase of production rights, animals, land or plants (or the planting of plants) are not eligible investments.

#### **Investment in Milk, Pigs and Poultry**

Limitations will be applied on assistance given per business for dairy, pig and poultry production, consistent with the scale of agricultural activity, as follows:

**Dairy production** – assistance will **not** be given for work that will result in any milk quota being exceeded.

**Fattening/breeding of pigs** – assistance is limited to work related to the provision or upgrading of a maximum of 300 fattening pig places in one business. A business must have sufficient cereal cropping land to produce 35% of its pig feedstuff requirements, even if it does not actually produce the feedstuff. Assistance will **not** be given to intensive non land-based pig fattening units.

**Poultry and egg production** – poultry includes all domestic fowl, turkeys, ducks, geese, game birds etc for the production of meat or eggs. Assistance may be given only where the number of birds does not exceed 1,000. If the number of birds exceeds 1,000, assistance will **not** be given at all.

## Items Eligible for Grant

### **Second-hand Equipment**

EU regulations specify that the purchase of second-hand equipment may be regarded as eligible expenditure when the following four conditions are met simultaneously:

1. A declaration by the seller of the equipment confirms its exact origin and the equipment has not already been the subject of national or Community assistance;
2. The purchase of the equipment represents a particular advantage to the project or is made necessary by exceptional circumstances, i.e. no new equipment is available on time, threatening the execution of the whole project;
3. Reduction of the costs involved as compared with the cost of the same equipment purchased new, while maintaining a good costs benefit ratio;
4. The equipment acquired must have the necessary technical and/or technological characteristics consistent with the requirements of the project.

The application should contain the necessary documentation to show these regulations have been complied with.

### **Invoice Requirements in Support of Grant Claims**

The following guidelines will help to avoid delays in processing claims for payment caused by the submission of incorrect or incomplete supporting documents.

All claims with actual costs should be supported by properly receipted invoices. In order to be acceptable an invoice should show the following:

- The suppliers name and address;
- The customers name and address;
- A detailed statement of services involved or goods supplied, separately costed and including VAT where appropriate;
- The date of supplying the goods or services;
- The total amount due for payment by the customer;
- Where appropriate, the net amount actually paid by the customer giving details of discount, credit or hire charges etc, which fully explain the difference between the amount due and amount paid;
- The signature or business stamp of the person receiving payment on behalf of the business which issued the invoice;
- The date and method of payment.

## Appendix 3

Examples of how works undertaken can meet Scheme Objectives

1. To reduce production costs;
2. To improve and redeploy production;
3. To improve quality;
4. To preserve and improve the natural environment, hygiene conditions and animal welfare standards.

Operation	Description	Outputs	Objectives
Agricultural buildings – Operation No.1	Stock housing	% reduction in waste of fodder concentrates. % reduction in vet bills. Longer grazing period – number of days. % reduction in mortality rate.	1, 3, 4
	Erection of polytunnel	Improved quality. Greater range of crops (provide examples). Extended growing season.	2, 3
	Crop storage	% reduction in waste. Improved quality. Reduce need to buy in feeding.	1, 2, 3, 4
Land management – Operation No.	Drainage which leads to a reduction of at least 25% of previous water	Improved quality of home grown fodder. Less soil compaction. Earlier working of soil.	1, 2, 3, 4
Land management - Operation No.	Weed control e.g. Dock or ragwort spp.	Improved grazing quality. Longer grazing period – days. Improved health. % reduction in vet bills.	4
Feeding of out-wintered stock - Operation No.	Outdoor feed area	Improved liveweight gain %. Savings in labour – man-hours. Higher survival rate of calves and lambs %.	1, 4
Provision of electrical equipment – Operation No.	Electrical equipment	Savings in man-hours. Improved welfare of stock and staff.	1, 2, 3

## Appendix 4

### **Shetland Rural Development Scheme Contact Details**

The Shetland Rural Development Scheme is operated by the Economic Development Unit of Shetland Islands Council. All correspondence relating to the Scheme should be addressed to:

Economic Development Unit  
Shetland Islands Council  
Solarhus  
3 North Ness Business Park  
Lerwick  
Shetland  
ZE1 0LZ.

Telephone - 01595 744940