

**2001 No. 259**

**AGRICULTURE**

**The Farm Business Development (Scotland) Scheme 2001**

*Approved by the Scottish Parliament*

*Made 31st May 2001*

*Laid before the Scottish Parliament 31st May 2001*

*Coming into force 2nd July 2001*

The Scottish Ministers, in exercise of the powers conferred by sections 28 and 29 of the Agriculture Act 1970<sup>(a)</sup> and of all other powers enabling them in that behalf, hereby make the following Scheme:

**Citation, commencement and extent**

1.—(1) This Scheme may be cited as the Farm Business Development (Scotland) Scheme 2001 and shall come into force on 2nd July 2001.

(2) This Scheme extends to Scotland only.

**Interpretation**

2.—(1) In this Scheme, unless the context otherwise requires—

“agricultural holding” means an agricultural holding within the meaning of section 1 of the Agricultural Holdings (Scotland) Act 1991<sup>(b)</sup>;

“agricultural unit” means an agricultural holding or smallholding (and includes a common grazing) which is located within the scheme area, or which is partly located within the scheme area and is deemed to be located within the scheme area by the Scottish Ministers if they think fit;

“application” means an application by an eligible person for financial assistance under the Scheme made in accordance with paragraph 4 below and “applicant” shall be construed accordingly;

“approved” means approved by the Scottish Ministers in writing and “approve” and “approval” shall be construed accordingly;

“collaborative venture” means a venture in respect of which an application for financial assistance under this Scheme is jointly submitted by three or more eligible persons in relation to three or more eligible businesses;

“eligible business” means a business which has been engaged in agriculture on an agricultural unit for a continuous period of two years ending with the date of the application;

“eligible expenditure” means expenditure (including reasonable professional fees and charges) approved in relation to measures to be undertaken under the Scheme;

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(a) 1970 c.40. Section 28 was amended by section 22 of the Agriculture Act 1986 (c. 49) and section 29 was amended by section 10 of the Agriculture (Miscellaneous Provisions) Act 1972 (c. 62), section 15 of the Agriculture (Miscellaneous Provisions) Act 1976 (c. 55) and Schedule 1 to the Statute Law (Repeals) Act 1986 (c. 12). Section 28 contains a definition of “the appropriate authority” and “the appropriate Minister”. The functions of the Secretary of State were transferred to the Scottish Ministers by virtue of section 53 of the Scotland Act 1998 (c.46). The requirement to obtain Treasury approval was removed by section 55 of that Act.

(b) 1991 c.55.

“eligible person” means—

- (a) a person who is a legal occupier of an agricultural unit and who operates an eligible business on that unit;
- (b) a person authorised to act on behalf of such legal occupier; or
- (c) any member of the immediate family of such legal occupier who resides on or adjacent to that agricultural unit and is acting with such legal occupier’s consent;

“financial assistance” means a payment made under this Scheme;

“immediate family” means wife, husband, partner, son, stepson, daughter, stepdaughter, mother, father, brother or sister;

“less-favoured area” has the same meaning as in the Agricultural Business Development Scheme (Scotland) Regulations 2000(a);

“measure” means a measure specified in the Schedule to this Scheme;

“scheme area” means that part of Scotland lying outwith the scheme area for the purposes of Agricultural Business Development Scheme (Scotland) Regulations 2000;

“smallholding” means any holding within the meaning of sections 2 and 32 of the Small Landholders (Scotland) Act 1911(b).

(2) A reference in this Scheme to anything done in writing or produced in written form includes a reference to an electronic communication, as defined in the Electronic Communications Act 2000(c), which has been recorded and is consequently capable of being reproduced.

### Objectives

3. Subject to the provisions of this Scheme, the Scottish Ministers may make payments to an eligible person of financial assistance under the Scheme in relation to expenditure which is of a capital nature or is incurred in connection with expenditure of a capital nature, where they are satisfied that such payments will contribute to the carrying on and viability of eligible businesses and to the improvement of incomes of farming families in the scheme area by supporting measures which—

- (a) provide income for eligible persons by creating new or improving existing diversified agricultural activities on an eligible person’s agricultural holding;
- (b) provide income for eligible persons by creating new or improving existing activities outwith agriculture; or
- (c) improve collaboration and co-operation by encouraging eligible persons to participate in collaborative ventures for the purposes of sub-paragraphs (a) or (b) above.

### Applications

4.—(1) Subject to sub-paragraph (6) below, an eligible person who wishes to obtain financial assistance towards the cost of any measure to be undertaken under the Scheme may submit an application to the Scottish Ministers for approval which shall be in accordance with the following provisions of this paragraph.

(2) An application shall be made in writing in such form as the Scottish Ministers reasonably may require and shall include—

- (a) sufficient information to show that the measure is being undertaken by an eligible person;
- (b) confirmation that the measure is located within the scheme area;
- (c) a description of the measure proposed;
- (d) a statement that the measure could not proceed without financial assistance under the Scheme;
- (e) sufficient information to show that the measure is of a nature and is likely to meet at least one of the objectives specified in paragraph 3 of this Scheme within the scheme area; and
- (f) confirmation—
  - (i) as to what public funding (if any) towards the cost of the measure has been sought, otherwise than under this Scheme; and

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(a) S.S.I. 2000/448, amended by S.S.I. 2001/40.

(b) 1911 c.49; section 2 was extended by the Small Landholders and Agricultural Holdings Act 1931 (c.44), section 14 and both sections 2 and 32 were restricted by the Crofters (Scotland) Act 1955 (c.21), Schedule 6, Part I.

(c) 2000 c.7.

- (ii) that it is not intended to seek any public funding towards such costs, otherwise than under this Scheme.
- (3) The applicant shall furnish to the Scottish Ministers such further information and evidence in relation to the application as the Scottish Ministers reasonably may require in order to allow proper consideration of the application.
- (4) An eligible person may submit more than one application under this paragraph.
- (5) An application shall not be submitted in respect of more than one eligible business, unless it is an application in respect of a collaborative venture.
- (6) The Scottish Ministers may at any time suspend the operation of the Scheme and, while so suspended, no application under sub-paragraph (1) above may be submitted to them.

### **Determination of applications**

- 5.—(1) Subject to the provisions of this Scheme, the Scottish Ministers as they think fit may—
- (a) refuse to approve an application or approve it in whole or in part;
  - (b) cause such approval to be given, and any payments by way of financial assistance to be made, subject to such conditions as they may impose; or
  - (c) at any time, but subject to sub-paragraphs (7) and (8) below, on giving reasonable notice vary the approval or amend such conditions attached to the approval.
- (2) The Scottish Ministers shall in writing—
- (a) notify the applicant of their decision in respect of that application; and
  - (b) notify the applicant whose application has been approved under this paragraph of any conditions, relating to such approval, which they have imposed or amended under sub-paragraph (1) above.
- (3) The Scottish Ministers shall not approve an application for financial assistance in relation to a measure, unless they are satisfied that—
- (a) the measure is to be carried out by the eligible person;
  - (b) completion of the measure is likely to meet at least one of the objectives specified in paragraph 3 of this Scheme within the scheme area;
  - (c) the application relates to one or more of the measures set out in the Schedule to this Scheme;
  - (d) in relation to applications for measures in Part I of the Schedule to this Scheme—
    - (i) the economic viability of the eligible business is demonstrated;
    - (ii) the eligible business complies with the minimum standards regarding the environment, hygiene and animal welfare; and
    - (iii) the eligible person possesses adequate agricultural skill and competence;
  - (e) subject to sub-paragraph (4) below, other public funding towards the cost of the measure has not been or will not be sought in respect of the measure, other than under this Scheme; and
  - (f) the provision of such a measure is appropriate having regard to the need for, and existing provision of, measures of that type in the scheme area.
- (4) Where an applicant has sought public funding in respect of the measure concerned otherwise than under this Scheme, but the public funding so sought was not obtained, the duty of the Scottish Ministers to be satisfied as to the matters set out in sub-paragraph (3)(e) above shall not apply in relation to such public funding so sought and not obtained.
- (5) Before approving an application (in whole or in part), the Scottish Ministers may consult such persons as they consider appropriate.
- (6) The Scottish Ministers shall not approve an application after the seventh anniversary of the coming into force of this Scheme.
- (7) The Scottish Ministers may vary the approval or amend conditions attached to the approval in accordance with sub-paragraph (1)(c) above only if they are satisfied as to the matters mentioned in sub-paragraph (3) above.
- (8) Before varying the approval or amending conditions attached to the approval in accordance with sub-paragraph (1)(c) above, the Scottish Ministers shall—

- (a) give to the person to whom the assistance has been granted written notification of the action proposed to be taken;
- (b) give that person an opportunity to make representations about the action proposed to be taken within such time and in such form as the Scottish Ministers consider fit; and
- (c) consider any such representations.

### **Financial assistance**

**6.—**(1) The Scottish Ministers may give to an eligible person, whose application has been approved under paragraph 5 above, such financial assistance under the Scheme towards eligible expenditure on the approved measures as they may consider appropriate.

(2) Subject to sub-paragraphs (4) and (6) below, the amount of financial assistance payable in respect of any measure in Part I of the Schedule to this Scheme shall—

- (a) in the case of an eligible business wholly located within a less-favoured area, be up to 50% of eligible expenditure;
- (b) in the case of an eligible business wholly located outwith a less-favoured area, be up to 40% of eligible expenditure; or
- (c) in the case of an eligible business located partly within and partly outwith a less-favoured area, be at the rate of up to 40% or up to 50%, as the Scottish Ministers may determine as they think fit.

(3) Subject to sub-paragraphs (4) and (6) below, the amount of financial assistance payable in respect of any measure in Part II of the Schedule to this Scheme shall be up to 50% of eligible expenditure.

(4) The total amount of financial assistance payable to one or more eligible persons in respect of one eligible business shall not exceed the sum of £25,000.

(5) In sub-paragraph (4) above, for the purposes of calculating the total amount of financial assistance, no regard shall be had to any amount payable in respect of any training costs which form part of the eligible expenditure.

(6) Where an application for financial assistance is made in relation to a collaborative venture—

- (a) such assistance shall not be given unless each eligible person and each eligible business is actively involved in the collaborative venture; and
- (b) the total amount of financial assistance payable in respect of each eligible business (whether in consequence of the application made in relation to the collaborative venture or in consequence of any other application made in relation to such eligible business) shall not exceed £30,000.

### **Claims for financial assistance**

**7.** A claim for financial assistance under this Scheme shall be made in such form and manner and at such time as the Scottish Ministers may from time to time require, and the eligible person shall furnish all particulars and information relating to such claim and copies of such documents and records relating thereto as the Scottish Ministers reasonably may require, including in particular—

- (a) evidence that the amount of eligible expenditure for which financial assistance is claimed has been incurred, including details of any discount thereon received by the eligible person; and
- (b) documentary evidence that the approved measure has been carried out in accordance with the application approved by the Scottish Ministers.

### **Payment of assistance**

**8.** The Scottish Ministers may determine the manner and timing of the payment of financial assistance under this Scheme and may make payments by instalment.

### **Information and Records**

**9.**—(1) Subject to sub-paragraph (2) below, an eligible person shall, for a period of not less than five years, or seven years in the case of financial assistance payable for housing for rent, following the last payment of financial assistance under this Scheme—

- (a) retain all invoices, accounts and other relevant documents in relation to the approved measure and eligible expenditure and produce them for inspection if required to do so by the Scottish Ministers; and
- (b) provide the Scottish Ministers with such additional information in relation to the approved measure and eligible expenditure as they may require.

(2) If the eligible person transfers the original of any such document to another person in the normal course of business, the duty under sub-paragraph (1) above shall be treated as having been fulfilled if there is kept a copy of that document for the appropriate period as referred to in that sub-paragraph.

### **Interest**

**10.**—(1) Where the Scottish Ministers intend to recover financial assistance paid under this Scheme they may, in addition, recover interest on that amount at a rate of one per cent above the sterling three month London interbank offered rate on a day to day basis, from the date of payment of financial assistance until the date of recovery.

(2) In any proceedings for recovery in pursuance of this Scheme, a certificate issued by the Scottish Ministers showing the rate or rates of interest, the amount of such interest recoverable and the period for which interest is calculated shall, unless the contrary is shown, be conclusive of those matters.

*ROSS FINNIE*

A member of the Scottish Executive

St Andrew's House,  
Edinburgh  
31st May 2001

## SCHEDULE

### FARM BUSINESS DEVELOPMENT SCHEME ELIGIBLE MEASURES

#### PART I

##### **MEASURES RELATED TO DIVERSIFICATION OF FARM INCOMES BY CREATING NEW OR IMPROVING EXISTING AGRICULTURAL ACTIVITIES ON AN ELIGIBLE PERSON'S AGRICULTURAL HOLDING**

1. Provision, alteration, enlargement or reconditioning of permanent buildings, including adaptation or improvement of redundant farm buildings and related structures for activities related to diversification within agriculture.
2. Alternative agricultural production.
3. New and innovative uses of land.
4. Feasibility studies, market research and marketing in relation to any of the measures listed in paragraphs 1 to 3 above.
5. Training required in order to maximise the benefits of any of the measures listed in paragraphs 1 to 3 above.

#### PART II

##### **MEASURES RELATED TO DIVERSIFICATION OUTWITH AGRICULTURAL ACTIVITIES TO PROVIDE ALTERNATIVE SOURCES OF INCOME**

1. Provision, alteration, enlargement or reconditioning of permanent buildings, including adaptation or improvement of redundant farm buildings and related structures for other economic activities, but not for sale.
2. Conversion of redundant buildings into housing for rent.
3. New and innovative uses of land.
4. Provision of rural services.
5. Leisure, recreation, sporting and catering facilities.
6. Development of new tourism accommodation, conversion of redundant buildings for tourism and upgrading of existing tourist accommodation.
7. Tourist/visitor facilities.
8. Feasibility studies, market research and marketing in relation to any of the measures listed in paragraphs 1 to 7 above.
9. Training required in order to maximise the benefits of any of the measures listed in paragraphs 1 to 7 above.

## EXPLANATORY NOTE

*(This note is not part of the Scheme)*

This instrument establishes the Farm Business Development (Scotland) Scheme (“the Scheme”) for that part of Scotland outwith the Highlands and Islands area (see definition of “scheme area”). It enables the payment of financial assistance under the Scheme for measures which are listed in Parts I and II of the Schedule to the Scheme. These are capital measures by creating new or improving existing diversified agricultural activities and diversification outwith agricultural activities to provide alternative sources of income. They include support for training and marketing. Any of these measures can also be undertaken as collaborative ventures.

Paragraph 4 provides for the procedure for applications for financial assistance. Applications, containing certain specified information, must be submitted to the Scottish Ministers. The Scottish Ministers may suspend receipt of applications, but that will not affect the operation of the Scheme in any other respect and applications received prior to the suspension will continue to be considered. Eligible persons can submit more than one application for assistance under the Scheme. Applications can be made for collaborative ventures involving three or more eligible businesses.

The Scheme also—

- (a) makes provision for the determination of applications by the Scottish Ministers (paragraph 5);
- (b) provides for the levels of financial assistance available including to maximum limits of financial assistance payable (paragraph 6);
- (c) provides as to how financial assistance may be claimed and as to the evidence which may be required in support of a claim (paragraph 7);
- (d) provides for the Scottish Ministers to determine the manner and timing of payment of the approved financial assistance (paragraph 8);
- (e) makes provision for records to be kept and for payment of interest on sums due (paragraphs 9 and 10).

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**The Farm Business Development (Scotland) Scheme 2001**

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