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STATUTORY INSTRUMENTS

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**1994 No. 1403**

**AGRICULTURE**

**The Marketing Development Scheme 1994**

<i>Made</i>	- - - -	<i>24th May 1994</i>
<i>Laid before Parliament</i>		<i>25th May 1994</i>
<i>Coming into force</i>	- -	<i>15th June 1994</i>

The Minister of Agriculture, Fisheries and Food, the Secretary of State for Scotland and the Secretary of State for Wales acting jointly in exercise of the powers conferred upon them by section 50(1), (2) and (3) of the Agriculture Act 1993<sup>(1)</sup> and with the approval of the Treasury hereby make the following Scheme:

**Title and commencement**

1. This Scheme shall be known as the Marketing Development Scheme 1994 and shall come into force on 15th June 1994.

**The Marketing Development Scheme**

2. In accordance with the following provisions of this Scheme the appropriate Minister may pay to any person satisfying the conditions set out in paragraph 3 below a grant representing 50 per cent of the expenditure (other than value added tax) which has been incurred by that person in carrying out a proposal for the organisation, promotion, encouragement, development, co-ordination or facilitation of the marketing in Great Britain or elsewhere of—

- (a) the produce of agriculture (including horticulture);
- (b) the produce of an activity specified for the purposes of section 50(2) of the Agriculture Act 1993 by order made by the Ministers; or
- (c) anything derived from produce falling within sub-paragraph (a) or (b) of this paragraph,

insofar as the expenditure relates to any of the items specified in Schedule 1 hereto.

**Eligibility for the payment of a grant under the Marketing Development Scheme**

3.—(1) For a person to be eligible to be considered for the payment of a grant under this Scheme he must be able to demonstrate to the satisfaction of the appropriate Minister that the purpose of the proposal in respect of which the grant is claimed is to achieve or assist in the achievement of a significant marketing or commercial development.

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(1) 1993 c. 37.

(2) For a person (other than a trade association or industry body) to be eligible to be considered for the payment of a grant under this Scheme he must be able to demonstrate to the satisfaction of the appropriate Minister that the business to which the proposal relates is likely to command a significant share of the market at which that proposal is targeted.

(3) No person shall be eligible to be considered for the payment of a grant under this Scheme unless he declares—

- (a) that the proposal for which the grant is to be made would not be carried out but for the grant;
- (b) that no assistance in respect of expenditure for which the grant is to be made is to be given under any enactment other than section 50 of the Agriculture Act 1993;
- (c) that his overall commercial viability is not dependent upon receipt of the grant; and
- (d) (where he is a food processor or manufacturer) that the turnover of his business in the year in which the application for the grant is made is not likely to exceed £100 million.

#### **Applications for grants under the Marketing Development Scheme**

4.—(1) Any person wishing to be considered for the payment of a grant under this Scheme shall apply for such a grant to the appropriate Minister in such form as the Minister concerned may from time to time determine.

(2) Each application, except one relating only to a feasibility study, training or the appointment of new directors or to any combination thereof, shall be supported by a comprehensive feasibility study setting out the objective of the proposal for which the grant is sought and the means by which that objective is to be achieved.

(3) The study required by sub-paragraph (2) of this paragraph shall at least include the information specified in Schedule 2 hereto.

(4) In the case of an application for a grant relating exclusively to training or the appointment of new directors that application shall contain a reasoned case whereby the need for that training or appointment is objectively justified.

(5) In considering whether or not to accept an application for a grant under this Scheme the appropriate Minister—

- (a) shall have regard to—
  - (i) the need for the proposal to which the application relates,
  - (ii) the importance of that proposal in relation to the market at which it is targeted, and
  - (iii) the likely benefit of that proposal to the agricultural or food industry; and
- (b) may seek the advice of any specialist in order to assess the merits of the proposal to which the application relates.

(6) A person may apply for more than one grant under this Scheme.

(7) In accepting an application for a grant under this Scheme, the appropriate Minister shall indicate to the applicant how long the proposal to which the grant relates will be funded under it, which period of time shall not exceed four years; and any subsequent reference in this Scheme to a proposal being funded is a reference to the proposal concerned being funded under it.

#### **Amount of grant**

5. No grant paid under this Scheme shall exceed £150,000.

### **Payment of grants**

6.—(1) Any payment of a grant under this Scheme in respect of any item such as is specified in sub-paragraph (a) or (d) of Schedule 1 hereto shall be made only after the feasibility study, market research or training concerned has been completed to the satisfaction of the applicant and the appropriate Minister and on production to that Minister of a receipted invoice for the item concerned.

(2) Any payment of a grant under this Scheme in respect of any item such as is specified in sub-paragraph (b), (c), (e) or (f) of Schedule 1 hereto shall be made quarterly in arrears from the date the application for the grant concerned is accepted by the appropriate Minister, on production to that Minister for the relevant quarter and by such deadline as he shall from time to time indicate to the recipient of the grant—

- (a) of receipted invoices for the amounts spent on the item concerned during that quarter; or
- (b) of such certificates for the amounts spent on that item during that quarter as have been signed by a chartered accountant or other suitably qualified person.

(3) No person may be paid a grant under this Scheme unless he has given to the appropriate Minister his written consent to the use by that Minister (in a public report made by him concerning the operation of the Scheme) of information about the proposal for which the grant is sought, provided that no disclosure under this sub-paragraph shall give rise to a significant risk of detriment to the applicant's commercial interests.

### **Annual statements**

7. Each recipient of a grant under this Scheme in respect of a proposal being funded for more than one year shall (except where the grant is in respect of training or the appointment of new directors only) as soon as reasonably practicable after each anniversary of the appropriate Minister's acceptance of his application for that grant which occurs before the date the funding of that proposal ceases submit to the appropriate Minister an up-to-date statement of—

- (a) the progress of the proposal towards achieving its objectives; and
- (b) the recipient's cash flow, accounts and business plan.

### **Cessation of funding**

8. Each person to whom a grant is paid under this Scheme shall as soon as reasonably practicable after the cessation of the funding of the proposal to which the grant relates submit to the appropriate Minister—

- (a) a declaration that the requirements of this Scheme were satisfied in respect of the proposal during the time it was funded;
- (b) an assessment of how far the proposal achieved its objectives during that time; and
- (c) (other than where the funding was for less than one year) up-to-date details of the recipient's cash flow, accounts and business plan.

### **Record-keeping**

9. Each person to whom a grant is paid under this Scheme shall—

- (a) keep records of all financial transactions connected with the proposal to which the grant relates for a period of at least one year after the cessation of the funding of that proposal; and
- (b) comply with any reasonable request made by any person duly authorised by the appropriate Minister for the purposes of this Scheme to disclose to that person any of the records referred to in sub-paragraph (a) of this paragraph.

### **Prior written consent**

10. The carrying out of any proposal funded under this Scheme shall not be commenced without the written consent of the appropriate Minister.

### **Variation and withdrawal of proposals**

11.—(1) The appropriate Minister may permit the recipient of a grant under this Scheme—

- (a) to vary the proposal to which the grant relates; or
- (b) to withdraw that proposal,

on written notice of such variation or withdrawal being given to him by that recipient.

(2) Where a proposal is withdrawn in accordance with sub-paragraph (1)(b) of this paragraph the appropriate Minister may on demand recover any part of a grant already paid with reference to the proposal.

### **Financial limits**

12.—(1) Where by reason of the number of grants already made by him under this Scheme the appropriate Minister is at any time of the opinion that the financial resources which he would otherwise make available under it should for a period be restricted he may decide that no further applications for grants under the said Scheme shall be accepted until a time subsequently specified by that Minister.

(2) A decision or specification made under sub-paragraph (1) of this paragraph shall be published by notice in the London or Edinburgh Gazette, as appropriate.

In witness whereof the Official Seal of the Minister of Agriculture, Fisheries and Food is hereunto affixed on 23rd May 1994.

*Gillian Shephard*  
Minister of Agriculture, Fisheries and Food

Scottish Office  
24th May 1994

*James Douglas-Hamilton*  
Parliamentary Under Secretary of State,

Signed by authority of the Secretary of State for Wales

23rd May 1994

*Wyn Roberts*  
Minister of State, Welsh Office

We approve,

24th May 1994

*Andrew MacKay*  
*Irvine Patnick*  
Two of the Lords Commissioners of Her  
Majesty's Treasury

SCHEDULE 1

Paragraphs 2 and 6

ITEMS ELIGIBLE FOR PAYMENT OF GRANTS  
UNDER THE MARKETING DEVELOPMENT SCHEME

The following items shall be eligible for payment of a grant under this Scheme—

- (a) feasibility studies and market research, including—
  - (i) studies into the establishment, expansion, merger or acquisition of producer groups or into joint ventures between producers and others,
  - (ii) the collection and collation of market intelligence and the means for its effective dissemination, and
  - (iii) studies into quality assurance systems, including product and farm assurance schemes and their integration into the business of the applicant;
- (b) the costs of the establishment, expansion or merger of producer groups, including—
  - (i) the legal and accountancy costs of group establishment, expansion or merger,
  - (ii) the costs of staff redundancy (at the statutory minimum level) as a result of merger, and
  - (iii) the costs of recruiting new members to producer groups, including the costs of meetings and the preparation of promotional material;
- (c) the salaries of key staff, including—
  - (i) the costs of their selection and recruitment, including the publication of advertisements,
  - (ii) employers' National Insurance and pension costs for any key staff required to implement the proposal in respect of which the relevant grant is made, together with any professional indemnity insurance premiums to be paid for those staff where such premiums are normally expected for staff of that kind and managing or marketing agents' fees where such agents are not employees of the prospective recipient of the grant, and
  - (iii) long-distance travel and accommodation costs associated therewith necessarily associated with the proposal in respect of which the grant has been applied for, other than the provision and use of company cars;
- (d) training for directors and key staff;
- (e) the costs of new directors to a business, excluding employers' National Insurance and pension costs; or
- (f) the expenses associated with the dissemination of best marketing practice.

SCHEDULE 2

Paragraph 4(3)

FEASIBILITY STUDIES

Each feasibility study shall contain at least the following information—

- (a) a description of the market at which the proposal is targeted, including in particular—
  - (i) a consideration of the actual or potential customers of the applicant and their requirements, and
  - (ii) an assessment of the applicant's current share of that market and the share thereof he anticipates he will occupy as a result of implementing the proposal;

- (b) details of the action to be taken under the proposal, including all matters for which grant monies are sought;
- (c) why that action is needed in the sector concerned;
- (d) an explanation of the financial and other benefits of the proposal concerned, particularly in the long term;
- (e) in the case where it relates to a proposed new group or business organisation, an explanation of why existing marketing structures cannot be utilised;
- (f) a three-year forward business plan for the proposal, showing how it will be implemented and funded;
- (g) a three-year forward cash flow for the proposal; and
- (h) a clear recommendation on the likely viability of the proposal.

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## EXPLANATORY NOTE

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

1. This Scheme enables the appropriate Minister to pay to any person satisfying the conditions set out in paragraph 3 thereof a grant representing 50 per cent of the expenditure (other than value added tax) which has been incurred by that person in carrying out a proposal for the organisation, promotion, encouragement, development, co-ordination or facilitation of the marketing in Great Britain or elsewhere of—

- (a) the produce of agriculture (including horticulture);
- (b) the produce of an activity specified for the purposes of section 50(2) of the Agriculture Act 1993 (1993 c. 37) by order made by the Ministers; or
- (c) anything derived from produce falling within sub-paragraph (a) or (b) above,

insofar as the expenditure relates to any of the items specified in Schedule 1 to the Scheme. The phrases “the appropriate Minister” and “the Ministers” and the word “agriculture” are defined in section 50(9) of the Agriculture Act 1993.

2. Paragraph 4 of the Scheme imposes conditions relating to applications for grants under it; paragraph 5 of the Scheme sets out the maximum amount of money that may be paid in respect of a grant made under it; paragraph 6 of the Scheme imposes conditions relating to the payment of grants under it; paragraph 7 of the Scheme imposes conditions on certain grant recipients regarding the making of annual submissions to the appropriate Ministers about the proposal being funded under it; paragraph 8 of the Scheme imposes conditions on grant recipients regarding the making of submissions to the appropriate Minister after funding of the proposal to which the grant relates has ceased; paragraph 9 of the Scheme imposes conditions on grant recipients regarding the keeping and disclosure of records relating to the proposal being funded under it; paragraph 10 of the Scheme specifies that the carrying out of any proposal funded under it may not be commenced without the written consent of the appropriate Minister; paragraph 11 of the Scheme enables the appropriate Minister (provided the condition specified therein is satisfied) to permit a proposal being funded under it to be varied or withdrawn by the grant recipient and to recover grant monies already paid in respect of a proposal which is withdrawn as aforesaid; and paragraph 12 of the Scheme enables

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the appropriate Minister to impose financial limits on it by indicating that (for a specified period) further grant applications will not be accepted.