Raft of new schemes and rules

This year saw the introduction of a range of new rural grants and subsidies after a series of delays. While some, such as LEADER, are still to open for business; others such as the Countryside Productivity Scheme have already opened and closed their first round of applications.

The number of grants available can seem bewildering and it is not always clear how they are accessed, however if you have specific capital investment projects that you are considering in the next few years or you are keen to manage your land in a certain way then there could well be meaningful funding available.

Most of the rural grants and subsidies stem from the reform of the Common Agricultural Policy and, although not implemented until now, relate to the seven year fiscal period of 2014-2020. The Basic Payment Scheme, which will require no introduction by now, has replaced the Single Payment Scheme in what used to be referred to as Pillar 1 of the CAP and a new Rural Development Programme has a suite of schemes in what used to be referred to as Pillar 2. These two elements now tend to be referred to as income support (and in some cases "social support") and rural development, the first being solely funded by the EU budget and the second being co-financed by the EU and the member state.

Rural Development Programme

There are four elements that comprise the Rural Development Programme; Countryside Stewardship (budget £3.1bn), Countryside Productivity (budget £140m), Growth Programme (budget £177m) and LEADER (budget £138m).

Countryside Stewardship

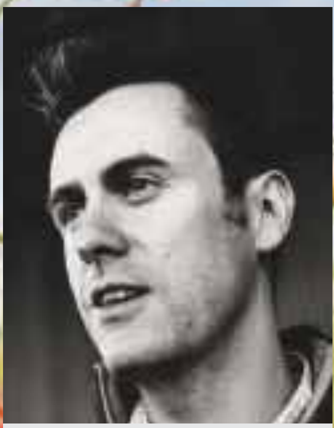
Now that everyone has just about got their head around the various two, three and four letter acronyms that were endemic within Environmental Stewardship we suddenly find ourselves immersed in a slew of new and, in some cases, strangely familiar ones. A significant proportion of the CSS budget will be taken up paying for ongoing ELS and HLS agreements leaving a total of £925 million available for new schemes between 2014 and 2020 and, of that, a relatively modest £85 million in 2015.

There are a number of important differences between the old and the new schemes; CSS will be competitive throughout, being focussed mainly on biodiversity and water quality, and unlike ES it has a fixed annual application window, will be parcel based (no obligation to include the whole holding) and has 1st January agreement start dates. The new scheme is also divided into three parts; the Higher Tier, the Mid Tier and Capital Grants; the former two will be (with a few exceptions) five year agreements while the latter will be one year agreements.

The Higher tier is designed for the most environmentally important sites (think species rich grassland, wet grassland, fens, woodland, SSSIs and the like) and is broadly equivalent to the old HLS scheme. The 237 options available, although masquerading under new codes, are similar to the old ES ones with the payment rates, still based upon income foregone, altered somewhat with those for arable being noticeably higher than before whilst those for grassland are lower than was the case previously. One area where there do appear to be significant changes will be the requirement to produce evidence, either photographic or financial, that the necessary measures are actually being undertaken and this will need to be borne in mind before embarking on any agreement.

Things are marginally more straightforward for the Mid Tier for which there is one application form that needs to be submitted to NE by 30 September. The intention for Mid Tier is that it should address widespread environmental issues, e.g. reducing diffuse water pollution and improving the farmed environment for birds and pollinators, for which there are 133 options available to choose from. A key part of the Mid Tier in particular is the Wild Pollinator and Farm Wildlife Package which encourages applicants to dedicate 3-5% of their CSS management area to a tailored suite of options and in doing so they will significantly increase their chances of acceptance into the scheme. One fly in the ointment for smaller holdings is that there is now a threshold whereby any Mid Tier agreement must exceed a minimum annual value of £1000 per year and, with standard grassland options starting at £95/ha, it is by no means a foregone conclusion that this will be met where space is tight.

Both the Mid and Higher Tier have also incorporated a



by **ANTHONY WESTON**
Partner, CLM
01892 770339
@anthonycweston

by **ALEX MACDONALD**
CLM
07825 581613

suite of options, Water Capital Grants, that previously would have been available through the Catchment Sensitive Farming Scheme. These grants are available for infrastructure work in combination with land management options, or as standalone capital agreements of one year duration (available even if you have an ELS agreement). Some options are, however, only available with CSFO endorsement and it is important to note that the target areas, especially in the South East, are now much reduced in extent.

> **This year would be a good time to consider making an application**

The third tier of the scheme is Capital Grants which contains 15 options that broadly speaking offer funding for the restoration of boundaries such as hedgerows and stone walls as well as woodland management plans; this latter option is now a prerequisite for any woodland to be entered into the CSS scheme.

With the arrival of these three wholly new competitive tiers and an as yet untested but relatively small budget it might be tempting to err on the side of caution and hold one's fire. Having spoken to a number of NE staff, however, the consensus is that with a limited number of ELS and HLS agreements ending in the South East this year now would, conversely, be a good time to consider making an application.

Countryside Productivity

This supports capital investment in farming and forestry businesses from a list of set measures. Small Grants (funding of between £2,500 and £35,000) and Large Grants (funding of between £35,000 and £1,000,000) are available both at rates of up to 40% funding. Applications for this grant have to respond to "calls for projects". The last call closed on 30 June and covered animal productivity, health and welfare items, controlled atmosphere storage for fruit and vegetable, remote crop sensors, Woodland harvesting, extraction and small-scale processing, Slurry application systems etc. Applicants must provide details of their business and budgets and how the investment will help their business together with comparable quotes for the item they would like funding for and evidence that all the relevant permits are in place (such as planning permission). It is not yet clear when the next call for projects will be issued or what types of measure will be eligible for funding. The RPA reports that interest was very high and they are still working through applications. That the response to that grant has been good speaks volumes for the ability of the Rural sector to respond to opportunities at very short notice, particularly given the raft of new schemes and rules all coming on stream (to a greater or lesser extent) at the same time.

LEADER

This is a "bottom up approach" to rural grant funding with Local Action Groups formed from Public, Private and Third Sector organisations drawing up a Local Development Strategy which is then delivered and hosted by an "Accountable Body" which has a contract with RPA. Each LEADER group has just under £2 million for the duration of the programme to spend on measures set out within the LDS. While the details vary from group to group, broadly speaking projects can be funded at up to 40% of the cost with a maximum grant (in most cases) of £50,000. The programme has unfortunately suffered many setbacks and is not yet open for business although a launch is anticipated in September or October. LEADER is considered to be a "funder of last resort" and an Expression of Interest must be submitted in the first instance before working up a full application. In true "who pays the piper calls the tune" fashion the RPA are really the final arbiters of what is acceptable under the programme and each project will have to be scored against both national priorities and local strategic fit to achieve a minimum threshold score.

The Growth Programme

Having had some limited opportunities earlier in the summer there are not currently any calls for Growth Programme projects in the South East but there is the chance to engage with the region's LEPs to help them influence the RPA on what should be included in future calls. This could usefully be achieved by either contacting the LEPs direct or engaging with existing stake holder groups such as Local Nature Partnerships.

Although funded under the Common Agricultural Policy the Rural Development Programme, or European Agricultural Fund for Rural Development (EAFRD) to give it its proper name, is also one of several European Structural Investment Funds (ESIF) and the LEPs are able to utilise funding from ESIF to fund investment in jobs and growth across business including in the rural community.

There are many common themes across grants and subsidies in particular in relation to jobs and economic growth and value for money. Perhaps the most significant common theme is that the RPA is central to the successful delivery of these grants and subsidies. This is useful to note as there are similarities in the application process for all of the grants and if your project does not quite fit under one scheme, or misses a deadline, it might well be suitable for another.

These grants now require a lot of detail and commitment to submitting a successful application. Therefore it is rarely worth letting the grant tail wag the business investment dog. Only embark on grant applications for projects that are already part of your business plan or are at the very least a natural fit that will enhance your core business and not put it at risk.