



The Rural Enterprise Scheme





This booklet aims to answer your questions about the Rural Enterprise Scheme (RES) or point you to sources of more detailed information. To guide you, the booklet covers the following most frequently asked questions:

- What is the Rural Enterprise Scheme?
- What types of projects can get funding under this scheme?
- Who can apply?
- How much money is available?
- How much money can I ask for?
- Will I be able to receive help and funding for project development?
- How do I apply for the Rural Enterprise Scheme?
- How are projects assessed?
- Can MAFF help me with planning advice?
- Can I also apply for grants under other England Rural Development Programme schemes?¹
- How can I obtain more information?

What is the Rural Enterprise Scheme?

The Rural Enterprise Scheme (RES) is part of the England Rural Development Programme (ERDP)². It provides assistance for projects that help to develop more sustainable, diversified and enterprising rural economies and communities. Its coverage is wide-ranging but the primary aim is to help farmers adapt to changing markets and develop new business opportunities. RES also has a broader role in supporting the adaptation and development of the rural economy, community, heritage and environment.

What types of projects can get funding under this scheme?

The scheme covers a very broad spectrum of potentially eligible activities, ranging from those designed to produce a commercial return, to those where the primary aim is to provide social and/or environmental benefits. Any project must fall within the categories covered by the European Union rules³ under which the scheme has been devised. The following list is a guide to help you identify the different areas covered by the scheme:

- **Setting up of farm relief and farm management services⁴.** This could include the setting up or expanding of labour and/or machinery rings or other farm support services; milking, shepherding or environmental grazing services; farm management or secretarial support and farm

relief to cover for farmers' absences for training, holidays or other reasons.

- **Marketing of quality agricultural products** i.e. those with identifiable quality attributes which raise the product above the basic 'commodity' level. This could include projects to raise the quality of production to meet market needs, the formation or development of collaborative groups to market quality products, marketing of organic products, consumer and quality assurance schemes, speciality foods, establishing farmers' markets, regional or local branding of foodstuffs, etc.



- **Basic services for the rural economy and population.** This could involve pump-priming projects designed to support local communities and the rural economy and local population such as minibus links, voluntary carer or 'out of school' childcare schemes, information and communication technology links and other types of infrastructure for dispersed rural communities.
- **Renovation and development of villages and protection and conservation of the rural heritage.** This could include projects that promote the revival or expansion of local artisan crafts (thatching, stone masonry, wood carving, hedge-laying, etc), village museums, access to historical features and landscapes and the renovation of historic village buildings.
- **Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes.** This could include the production and marketing of new or non-mainstream crops or livestock products, or the conversion of agricultural buildings to new non-agricultural uses and non-farming activities on the farm.
- **Agricultural water resources management.** This could include projects aimed at improving the management of these resources through, for example, the construction of water storage facilities and associated equipment.



- **Development and improvement of infrastructure connected with the development of agriculture.** This could include local infrastructure projects designed to benefit agriculture, such as the provision or upgrading of access roads or bridges, and the provision of local energy or technological infrastructures.
- **Encouragement for tourist and craft activities.** Projects could include the marketing and promotion of local tourist initiatives, upgrading accommodation, facilities for on-farm tourist activities and craft activities and links to local food catering.
- **Protection of the environment in connection with agriculture, forestry and landscape conservation as well as with the improvement of animal welfare.** Especially projects designed in terms of producing or sustaining a commercial enterprise which, for example, enhances country leisure pursuits.

MAFF will be providing further advice on diversification in a guide published to complement this scheme. We also want to encourage innovation, however, and the scheme is not intended to be prescriptive. Collaborative projects are particularly welcome as are projects developed by local groups of mixed interests and projects using a range of RES activities or combined with other ERDP schemes.

Your project will be assessed and administered on a regional basis. It will therefore need to fit in with regionally determined priorities. Details of these priorities can be found in the regional chapters of the ERDP or from your local MAFF office.

Your project should be sustainable and should not have any negative impact on the environment and must respect all current environmental, hygiene and animal welfare legislation. You will not receive a grant purely in order for you to meet statutory requirements.

Who can apply?

While help for farmers is a primary aim, you do not have to be a farmer to benefit from the scheme: a range of other rural businesses (partnerships and companies) and rural community groups will also be able to receive funding. The final beneficiaries of this grant aid, however, must be non-public sector organisations. Support may also be given to bodies which promote and co-ordinate multiple applications related to a specific theme, sector, or area.

The scheme is available throughout England, except designated Objective 1 areas, where separate funding schemes apply⁵. A particular target for aid will be projects which benefit designated EU Objective 2 rural areas, to reflect their special need for assistance within the EU context. Your local MAFF office will be able to tell you whether you are located in an Objective 1 or 2 area.

How much money is available?

A total of £152 million EU and Government money has been allocated to the RES for the period April 2001 to the end of 2006. The majority of the funding has been allocated to regional budgets. A small proportion has been reserved for national projects on the marketing of quality agricultural products.

How much money can I ask for?

There is no fixed rate of aid. Instead there are three bands of aid depending on the extent of any commercial return from your project. You must bid for the level of funding, within these bands, that you judge necessary for the project to proceed. There is no maximum or minimum project size although if your project involves diversification into alternative agricultural activities, the maximum ERDP investment per holding is £500,000.⁶

For projects which have a **minimal economic return to the applicant** (i.e. a project that principally benefits the local community or environment), the total public funding as a percentage of the total eligible costs of the project may be between 50 and 100⁷ per cent.

For projects where **an economic return to the applicant is the primary objective** of a project, the total public funding as a percentage of the total eligible costs of the project may be between 30 and 50 per cent.

For projects generating a **substantial economic return** to the applicant (i.e. an



annual return in excess of 25 per cent of the total investment), the total public funding as a percentage of the total eligible costs of the project may be between 15 and 30 per cent.

Will I be able to receive help and funding for project development?

You may well feel that you need help developing your project idea, especially if it is a large or complex initiative. This process is commonly known as “facilitation”. Reasonable costs associated with project development (e.g. feasibility studies, development work, preparation of a business case, etc.) are eligible for funding under RES. You will need to decide whether to do this as either a part of an approved project (up to 10 per cent of total project costs) or as a preliminary project in its own right.



How do I apply for the Rural Enterprise Scheme?

You will need to complete the standard ERDP application form (ERDP/GEN1), if you have not already done so, together with the RES supplement (ERDP/RES1). These will need to be accompanied by a suitably detailed business plan or project proposal setting out, for example, what you intend doing, what the benefits will be, costings and proposed public/private funding arrangements, outputs and additional supporting details. Applications can be submitted at any time; there is no application window. National projects for the marketing of quality agricultural products should be sent to MAFF HQ in London⁸. Further information about the application process is available and can be obtained from your local MAFF office.

How are projects assessed?

After an initial eligibility check, regional MAFF and Farming and Rural Conservation Agency (FRCA) staff will carry out a detailed assessment of each application and draw up an assessment report. They may need to talk to you about the project, especially if they feel that additional supporting information would benefit your application.

Your project will be assessed against a range of criteria: the need for the project; the project's outputs; sustainability of the project in terms of the economic, environmental and social impacts; its contribution to wider policy objectives; financial viability and risk; the

specific need for public funding; plans for management and delivery of the project; risk assessment; compatibility with regional priorities; and value for money.

Your application will then be considered, on the basis of the assessment report, by a Regional Appraisal Panel, consisting of a senior MAFF member of staff, a senior FRCA member of staff and a Government Office representative or nominee. This group will normally meet quarterly. If your project is approved, you will be sent an Offer Letter. This will set out details such as the targets to be met and time periods within which expenditure must be incurred and claims made to MAFF. You must remember that funding will only be granted in respect of costs incurred after a project application has been approved.

Separate but similar procedures will apply for national projects on the marketing of quality agricultural products, which will be assessed at MAFF HQ.

If your project is rejected, you will be given the reasons why. In some cases we may suggest that you improve and re-submit your application.

Can MAFF help me with planning advice?

In addition to existing sources of advice, MAFF is offering free planning consultancy advice for sound RES farm diversification projects which require planning permission. This was announced by the Prime Minister in his Action Plan for Farming, on 30 March 2000. You can obtain further details in the full scheme documentation available from your local MAFF office.

Can I also apply for grants under other ERDP schemes?

Projects which link with other public grant schemes are welcomed. You can, for example, apply for funding from one of the other ERDP schemes⁹ in conjunction with your RES application. Indeed certain projects may require action under two or more of the schemes if the full potential of the project as a whole is to be achieved. You can also link your application with funding from other sources although you cannot receive funds from two different sources in respect of the same expenditure.

How can I obtain more information?

Please contact your local MAFF office.



References

- 1 The other ERDP schemes are: Environmentally Sensitive Areas Scheme, Countryside Stewardship Scheme, Organic Farming Scheme, Woodland Grant Scheme, Farm Woodland Premium Scheme, Hill Farm Allowance, Processing & Marketing Grant, Energy Crops Scheme, Vocational Training Scheme.
- 2 The England Rural Development Programme is a family of schemes jointly funded by Government and the EU which is designed to support schemes to protect and improve the countryside and to encourage sustainable enterprise and thriving rural communities.
- 3 Articles 4 and 33 of Council Regulation 1257/99 published in Official Journal L160 (pages 80-101), on 26 June 1999.
- 4 Bold type reflects the specific measures referred to in Council Regulation 1257/99.
- 5 Cornwall and the Scilly Isles, Merseyside and South Yorkshire.
- 6 This maximum sum includes any grants for planting miscanthus under the Energy Crops Scheme.
- 7 100% of project costs would only be provided in very exceptional circumstances.
- 8 Marketing, Competition and Consumers Division Room 21 MAFF 10 Whitehall Place London SW1A 2HH
- 9 See footnote 1.



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