



Department  
for Environment  
Food & Rural Affairs



## Rural Development Programme for England (2014 - 2020)

### LEADER Applicant Handbook

Guidance for applicants applying to the  
Herefordshire Local Action Group (LAG)

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Expressions of Interest can be submitted at any time



The European Agricultural Fund  
for Rural Development:  
Europe investing in rural areas

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# Introduction

## A word from Cathy Meredith, Herefordshire LAG Chair

The Herefordshire Local Action Group consists of representatives of a wide range of business, farming, forestry and economic interests in the LEADER area. We have a wealth of experience in delivering grant funding programmes including LEADER and we are fully committed to ensuring the success of the new LEADER programme in order to boost the economic growth of rural Herefordshire.

## Local priorities and Area

The Herefordshire LEADER programme has a budget of approximately £1.7m over 5 years. The main objective is to create jobs and economic growth by supporting rural businesses. The Herefordshire LAG area covers all of rural Herefordshire but excludes all the wards and parishes within Hereford city. The total rural population covered is 120,662.

## Our key priorities are:

- To increase farm productivity.
- To enhance the economic growth and employment potential of new and existing micro and small businesses.
- Support farm diversification where it will improve the economic performance of the business.
- Maximise the opportunities to enjoy Herefordshire's distinctive landscape, features and outdoor activities.
- Support the sustainable growth of new and existing tourism businesses.
- Enabling the development of innovative and sustainable approaches to addressing the continuing decline in rural services.
- Support small capital improvements for heritage and cultural buildings and support for projects with a tourism benefit.
- To increase the number of new businesses and jobs in forestry and woodland management.

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# Chapter 1: About LEADER

LEADER is a community-led scheme that provides funding for projects in England which create jobs, help businesses and rural communities to grow and develop the rural economy.

## Under the LEADER scheme there are grants for:

1. increasing farm productivity
2. supporting micro and small businesses and farm diversification
3. boosting rural tourism
4. providing rural services
5. providing cultural and heritage activity
6. increasing forestry productivity

The grants are funded by the European Agricultural Fund for Rural Development (EAFRD) and are part of the Rural Development Programme for England (RDPE).

Money from the programme is given to Local Action Groups (LAGs) which are made up of local public, private and civil society representatives. Their role is to assess applications and award grants locally to businesses and organisations that apply.

The Rural Payments Agency (RPA) manages the LEADER scheme nationally and works with the Local Action Groups (LAGs). RPA's role is to make payments to successful applicants.

***LEADER is a French acronym which roughly translates as 'Liaison among Actors in Rural Economic Development'.***

This handbook is about LEADER grants. It explains what the grants are for, who is eligible, how to apply and how applications are assessed.

The amount you can apply for depends on the size of your business, the type of project and the costs involved. The minimum grant is £2,500. The maximum grant amount varies depending on the priority.

Grants will typically be limited to a maximum of 40% of the project's total eligible costs. You can use other public money to pay for eligible costs – but only up to that maximum percentage. Some types of projects can get higher rates – read Chapter 5 for more information about specific grants.

You can only apply for one RDPE grant for your project. RDPE includes LEADER, RDPE Growth Programme, Countryside Productivity Scheme, Farming Recovery Fund, Cumbria Countryside Access Fund and Countryside Stewardship. You could apply for more than one grant from RDPE as long as they are for different projects.

## **Government guarantees about funding after the UK leaves the EU**

The government has guaranteed funding for RDPE LEADER Programme grants if these are agreed and signed before the UK's departure from the EU, even if the grant agreements continue after we have left the EU. This is subject to projects meeting the following conditions:

- they are good value for money
- they are in line with domestic strategic priorities

Defra has confirmed that projects approved through the LEADER process meet these conditions. Where possible, you should aim for your project to be finished and paid for, and complete grant claims submitted, by 31 March 2019.

**You won't automatically get a grant.**

**When you apply for a grant, you're competing with other applicants in your area. The LAG will assess all applications to see how well they fit the priorities for funding and which projects provide best value for taxpayers' money.**

## Chapter 2: Who can apply

What type of organisation can apply depends on what you are applying for.

To apply for LEADER funding your business, or your project or beneficiaries, must be in the LAG area, and the applicant must be a legal entity.

- farmers
- growers
- private businesses
- public organisations
- voluntary organisations
- groups of businesses
- charities
- someone who wants to start a business
- private forest holders
- forestry contractors

### Check the size of your business

For some priorities, whether you can apply for a grant will depend on the size of the business. The size of your business depends on the number of full-time equivalent (FTE) employees it has and its financial performance.

The table below shows what qualifies as a medium, small or micro business.

Business size	Number of FTE employees		Annual turnover or balance sheet total
Medium	fewer than 250	and	€50 million (about £42.5 million) or less annual turnover <b>OR</b> €43 million (about £36.5million) or less annual balance sheet total
Small	fewer than 50	and	€10m (about £8.5 million) or less
Micro	fewer than 10	and	€2m (about £1.7 million) or less

Additional guidance is available at [http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition\\_is](http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_is)

### What is a 'full-time equivalent' (FTE) employee?

Anyone who works a minimum of 30 hours per week counts as 1 FTE employee. A person working 30 hours a week for 3 months of the year would be 0.25 FTE employee.

FTEs include business partners and directors. If a business partner or director works more than 30 hours per week they still count as 1 FTE employee.

## **Is your business ‘linked’ to other businesses**

If your business is linked to other businesses, this might mean you exceed the business size requirements and the funding limits.

The most common circumstances under which businesses are considered to be linked are:

- one business holds a majority of the shareholders’ or members’ voting rights in another business
- one business is entitled to appoint or remove a majority of the administrative, management or supervisory body of another
- a contract between the business, or a provision in the memorandum or articles of association of one of the businesses, enables one to exercise a dominant influence over the other
- one business is able, by agreement, to exercise sole control over a majority of shareholders’ or members’ voting rights in another

## **Who can’t apply**

Government departments are not eligible for any of the grants

Further, separate exclusions are listed under individual priorities in chapter 5.

## Chapter 3: Preparing an application

The LAG will assess your application. We're looking for evidence of a sound business case and for projects that meet our priorities for funding.

When you apply for a grant, you're competing with other applicants in the LAG area. We're looking for projects that best meet the local and national priorities for funding, and that are good value for taxpayers' money. If you can show this clearly in your application, you're more likely to get a grant.

**LEADER funding is limited and will be prioritised to applications that contribute the most to the Local Action Group's strategy, as set out in the Introduction.**

### National priorities for funding

Your project is unlikely to get a grant unless it contributes to one or more of the following priorities.

<b>Create jobs</b>	Creates new, or higher-skilled, or higher-paid jobs.
<b>Grow your business</b>	Demonstrates a clear future plan to grow your business or increase its productivity.
<b>Wider benefits</b>	The project provides benefits to the wider economy in the rural area.

### How we assess applications

The application process is in 2 stages. First, you must submit an Expression of Interest (EOI) form. If the LAG approves your EOI, we will invite you to submit a full application.

Read Chapter 6 'How to apply' for more information about the process.

### EOI – what we look for

We use the information on the EOI form to check that both you and your project are eligible. LEADER funding aims to increase economic activity including growing businesses and creating jobs. An application will not be successful if the proposed



project simply moves activity from one place to another, or replaces similar activity at either a national or local level.

It will help your application if you explain your project clearly. Tell us exactly what you're doing, why it's good for your business, how and where you're doing it and who will benefit from it.

## Full application – what we look for

If you're invited to submit a full application, we'll ask for more information to further assess your project and your business. This table will give you an overview of what we assess.

<b>Strategic fit</b>	How well the project meets the national and local priorities for funding.
<b>Value for money</b>	How the project costs represent value for money. The amount of grant required to deliver the outcomes and outputs, including jobs. What difference grant funding will make compared to what would happen without grant funding.
<b>Need for the project</b>	Why grant funding is required for the project. There is a clearly identified market need for the project. The impact the project has on other businesses, both positive and negative.
<b>Financial health and projections</b>	The current financial viability of your business. How the project may impact on your existing business operations. How you will fund the project until the grant is claimed. How the business will benefit from the project financially.
<b>Cross-cutting themes</b>	How the project will impact the environment. How the project impacts on people who share characteristics such as race, disability, age and gender.
<b>Delivery and sustainability</b>	Whether the project will be delivered in budget and on time. That the right skills and resource are in place to deliver the project successfully. How project outputs and other benefits will be monitored and recorded. That risks to project delivery have been identified and how they will be mitigated.

## Chapter 4: Funding and costs

You can use grant funding to cover a certain percentage of project costs – some costs may not be eligible.

We encourage you to contact the Herefordshire LEADER Programme Team to discuss your project idea and proposed costs at an early opportunity.

### How much funding is available

The amount you can apply for depends on the size of your business, the type of project and the costs involved. The minimum grant is £2,500. The maximum grant amount will typically be either £35,000 or £100,000 depending on the priority.

Grants will typically be limited to a maximum of 40% of the project's total eligible costs. However some types of projects can get higher rates – read Chapter 5 for more information about specific grants.

You can use other public money to pay for eligible costs – but only up to that maximum percentage. The remaining project costs must be paid for with money from private sources like savings or a bank loan

### Has your business already had some public funding?

When you apply, we'll ask you to tell us if you have had any funding from the EU or other public sources, and if it was awarded under 'industrial de minimis' rules or if applicable, agricultural de minimis. If so, we might need to limit the amount of the funding you can get, to comply with the EU industrial de minimis or agricultural de minimis state aid rules.

### Paying for the project

Grants are paid in stages, in arrears. They can only be claimed after the work being claimed for is finished and has been paid for. We expect you to make a maximum of 3 claims over the course of the project, and that the minimum value of each claim will be £2,500.

You must show that you have sufficient funds to pay for the project costs until you get the grant payments.

### Hire-purchase or leased items must be paid off before you claim

If you buy an item for the project using lease purchase or hire-purchase, you must own this outright before you can claim any grant money towards it.

This means that, before you claim the grant, you must:

- pay all of the instalments

- show that the title has passed to you

Otherwise you will not be able to include these costs in your claim.

Lease purchase or hire purchase may not be an option for projects starting near the end of the programme, since it may not be possible to pay all instalments before the final date for claims.

**Do not start work, incur costs or place an order before your grant agreement has been signed. This will potentially make your whole project ineligible.**

## Available grants

There are grants available for many different types of activity, but they each support at least one of the 6 LEADER funding priorities. How much funding the LAG will offer for these and details of each priority are set out in Chapter 5 of this handbook.

### Costs which are not eligible for any projects

The following are not eligible for the grants under any priority. This list is not exhaustive.

#### General costs:

- any costs incurred before the project start date shown in the grant funding agreement
- contingency costs
- the cost of getting any permissions or consents, such as planning permission
- any items which you have already had EU or other public funding for (or intend to get EU or other public funding for)
- relocation costs – if the business needs to relocate in order to expand, it can only apply for funding for the cost of the expansion
- costs associated with the provision of housing
- projects that are carried out only to meet a domestic legal requirement

#### Buildings, land and equipment costs:

- repairs and maintenance of existing buildings, equipment and machinery
- like-for-like replacement of existing items (such as buildings, equipment and machinery)
- machinery or equipment that will not be on the asset register of the business 5 years after payment of your last grant claim
- the cost of moveable fittings – like soft furnishings, beds, tables, chairs, cutlery and crockery, curtains, televisions and audio equipment, hand tools, small domestic kitchen equipment and utensils
- renewable heat and energy systems covered by the Renewable Heat Incentive (RHI) or Feed-In Tariffs (FITs)
- purchase of land<sup>1</sup>
- purchase of buildings for commercial projects

## Costs which are not eligible for any projects (continued)

### Business running costs:

- salaries and running costs for commercial projects<sup>2</sup>
- long term salaries and running costs for community or not for profit projects
- in-kind contributions (this means the value of donated work or services) such as the cost of using your own labour, vehicle and office space
- recurring licence fees, subscriptions and service charges
- computers, software and printers used in the general running of the business, like processing orders or accounts
- mobile phones
- the delivery of training activities
- consumables
- standard, non-specialised domestic vehicles, such as cars, motorbikes

### Agricultural business costs:

- standard buildings, machinery and equipment used for growing and harvesting agricultural and horticultural products
- standard agricultural or horticultural inputs like animals and crops
- the cost of agricultural production rights and payment entitlements
- setting up agricultural businesses

### Financial costs:

- bad debts
- advance payments
- insurance policy costs
- working capital
- financial charges, such as bank charges, fines and interest
- costs connected with a leasing contract, such as a lessor's margin, interest refinancing costs, overheads and insurance charges
- reclaimable VAT

<sup>1</sup>Purchase of buildings for community use **may** be eligible. In these cases, the purchase of the land on which the building stands may also be eligible, but the cost of the land cannot be more than 10% of the total project costs. Please talk to the LAG before submitting an EOI if your project involves the purchase of a building for community use.

<sup>2</sup>Some limited salary costs or running costs **MAY** be eligible in limited and specific circumstances. Eligibility of these costs will be considered on a case by case basis and will only be considered where the need is clear and linked to supporting rural jobs and growth. Please talk to the LAG before submitting an EOI if your project involves any salary costs or running costs.

To check if a cost is eligible call or email your Herefordshire LAG contact.

# Chapter 5: LEADER funding priorities

## Priority 1 – Support to increase farm productivity

### What the grants are for

These grants are particularly for businesses investing in innovative practices and new technologies to become more productive, economically sustainable and to create jobs.

#### LEADER funding priority 1 is made up of 4 parts:

- 1) Support to increase farm productivity by
  - a) improving the overall performance and sustainability of an agricultural holding
  - b) improving animal health and welfare
  - c) processing of primary agricultural produce to add value
  - d) investing in reservoirs and irrigation systems

### Who can't apply

Members of Producer Organisations under the [Fresh Fruit and Vegetables Aid Scheme](#) who have a grant for the same project through their operational programme document

### 1a) A project to improve the overall performance and sustainability of an agricultural holding

#### Grant funding can help pay for:

- equipment and machinery to improve the efficiency of the use of energy, water, fertiliser and other direct inputs
- equipment and machinery to reduce impacts on soils
- reducing greenhouse gas emissions
- investments to improve the management of slurry and manures to reduce the reliance on artificial fertilisers and improve the nutrient management of soils
- investments to mechanise production, increase productivity and help reduce harvest losses

## 1b) An investment in improving animal health and welfare

### Grant funding can help pay for:

- equipment to improve animal welfare and support the management and prevention of disease
- improving the early detection of diseases
- equipment and machinery to improve animal handling above 'standard equipment'

### Who can apply for LEADER funding under priority 1a) & 1b)

- farmers
- groups of farmers
- horticultural producers

### How much funding is available under priority 1a) & 1b)

The maximum grant rate is capped at 40% of the eligible project costs. The minimum grant is £2,500 and the maximum grant that the Herefordshire LAG will offer is £100,000.

### Costs could include:

- the buying of new and second hand equipment
- costs related to the project such as engineer and consultant fees (as long as these don't add up to more than 15% of the project's total eligible costs)
- buying or developing a dedicated piece of computer software (but not an off-the-shelf piece of software like Microsoft Office)
- patents, licences, copyrights and trademarks

### What isn't covered: LEADER funding priority 1a) & 1b)

In addition to the list of costs which can't be claimed in Chapter 4, the tables below provide more information on whether items can be funded under 1a) and 1b).

Grants are not available for investments in usual agricultural or horticultural practices, buildings or equipment. If you are not certain whether the items that you are proposing to include in your project are usual practice in your area or sector, and they are not covered in the tables below, please contact the Herefordshire LEADER Programme Team, who will consider:

- Whether the proposed project is usual practice in the Herefordshire LEADER area
- Whether the proposed project brings about innovation or improvements in productivity or delivers other key benefits as defined above

Items which are always ineligible because they are considered usual equipment
Material handlers including forklifts and tractors with fore end loaders
Trailers, including flatbed trailers, tipping trailers, grain trailers, silage trailers, livestock trailers
Combine harvesters
Grain handling equipment including grain buckets
Crop sprayers
Mowers and mowers with conditioners
Grass rakes and turners, balers, bale lifters and elevators and bale wrappers
Buck rake
Hedge cutting and trimming equipment
All fencing and gates, fencing equipment including post drivers
Drainage equipment including drain laying equipment, mole ploughs, excavation and earth moving equipment, loading shovels and backhoe loaders
General purpose buildings, workshops and sheds for maintenance or equipment
Buildings and structures used for storage of inputs such as fertiliser, fodder, silage or bedding
Cow tracks

Items which are not eligible because they are usually considered to be usual equipment	Examples where funding may be available
Tractors, quad bikes, all-terrain vehicles	Driverless automated tractors where no operator is needed, or drone tractors
Basic GPS systems	Where GPS equipment is part of a system which automatically controls application rates (including auto shut off), and which monitors and records the amount applied
Cultivation equipment including cultivators, subsoilers, ploughs, mole ploughs, harrows, rotavators, rollers soil aerators	Robotic hoeing where the equipment can identify the crop and hoe between individual plants in a crop-row thereby reducing pesticide use
Seed drills, planters (including potato planters )	Drills which require no pre-cultivation of the soil and can operate with high volumes of surface debris without blocking thereby reducing the disturbance of the soil
Fertiliser spreader	Fertiliser spreaders capable of automatically varying the application rate through GPS and field monitoring. They must be linked to GPS with auto shut off and built in weighing facilities to provide accurate recording of application
Items which are not eligible because they are usually considered to be usual equipment	Example items that could be eligible

Crop harvesting equipment including potato, sugar beet, vegetable, fruit and salad crop harvesting	Robotic harvesting where the equipment is able to recognise when individual plants or fruits have reached their optimum and harvest those automatically but leave other plants or fruit to continue to grow to reach their optimum
	Specialist harvesting machines for niche crops
Forage harvesters	Equipment fitted to forage harvesters to monitor and record yield via GPS
Soil sampling and crop sampling equipment	Equipment which determines nutrient levels in the field in real time
	Systems which control the application of fertiliser by determining nutrient levels in the growing crop as they pass through the crop
On farm grain store, on farm grain dryer including cleaning	A building or dryer used as a collective store as part of a collaborative venture where joint marketing of the crop is undertaken. This needs to either include adding value or improve crop storage for example using a dry air generator
	A grain dryer that only uses a renewable energy source to provide heat for the drying for example biomass
Crop storage, including temperature-controlled storage	Controlled atmosphere storage where CO <sub>2</sub> , nitrogen and oxygen are regulated as well as controlling temperature and humidity
Greenhouses and polytunnels	The installation of thermal screens in existing or new buildings to reduce heating costs
New livestock buildings including pig and poultry buildings or structural improvements to old buildings including installation of slatted floors, concrete grooving, extraction fans and ventilation	Alterations to livestock buildings to allow installation of air scrubbers, heat exchangers, LED lighting or positive pressure ventilation systems
Yard scrapers including automatic scrapers	Robotic scrapers
Manure/slurry spreaders, slurry tankers for application of manure	Dribble bars, trailing shoes shallow injection systems
	Slurry tankers if they include all of the following; inline sensors, flow meters, adjustable flow control valves, GPS receiver, in cab monitoring and recording unit to accurately record application rates
Items which are not eligible because they are usually considered to be usual equipment	Example items that could be eligible



Slurry stores, slurry reception pits, dirty water systems	Mechanical separation of slurry which allows separation of the solid fraction of slurry and so more effective use of existing storage facilities and better use of the slurry
Pumps and associated distribution pipework for handling of slurry and dirty water	
Milking parlour	The elements of a robotic milking parlour which are not found in a conventional milking parlour
Dairy equipment including bulk milk tank, milk pumps, milk jars, automatic cluster removers, teat sprays and teat dips	Automatic cluster flushes that assist in the control of mastitis and prevention of disease
	Plate coolers only where the warm water is used elsewhere on the farm
	Variable speed vacuum pumps that reduce energy use
In parlour recording and monitoring of milk production	Monitoring milk quality to provide early warning of disease
Upgrading of cubicles or installation of new cubicles	Cow mats. Mechanical sand separation / reclaiming systems to allow the reuse of sand in cubicles
Basic footbaths	Foot baths which automatically replenish chemicals and water to maintain dilution and volume; gait analysis systems.
Basic cattle crush	Mobile and non-standard crushes. Electronic weigh systems or shedding/drafting gates linked to EID
Basic livestock management equipment for example de-horners, castrators, calving jacks, injection and worming equipment	Electronic worming equipment linked to EID and a weighing system which ensures correct dose is given to each animal
EID ear tags; rumination monitoring boluses	Collar- or pedometer based heat detection systems; EID readers linked to monitoring productivity; bolus reader systems monitoring animal health and welfare
Livestock feed preparation and rationing equipment including feed mixer wagons, mill, pelleters, mixers, feed troughs and complete diet feeders, self-locking yokes	Robotic feed preparation and robotic feeding
	Real-time monitoring of food and water consumption in pig or poultry units
	Badger proof feed troughs
Milk feeding systems for calves	Systems which automatically monitor feed intake by individual calves, mix fresh milk for each calf-visit to the feed station and clean feeding station between calves
	Colostrum pasteurisers

## 1c) A project for processing primary agricultural produce to add value

### What the grants are for

These grants are for food and drink businesses to develop and grow through investment in infrastructure, equipment and machinery. These grants are for on-farm or off-farm processing businesses that add value to an Annex I product (such as milk, meat, vegetables, fruit, grapes or cereals). Fisheries projects are not eligible.

### Who can apply

- farmers
- horticultural producers
- landowners
- micro and small processing businesses
- someone who wants to start a processing business

### Who can't apply

The following are not eligible for the grants:

- non-departmental public bodies
- crown bodies
- local authorities

### How much funding is available

The minimum grant amount is £2,500. And the maximum grant that Herefordshire LAG will offer is £100,000.

**If you produce Annex I products** (as listed in Annex 1 of the treaty establishing the European Community)

If both your raw materials and end products are on the Annex I list, you can apply for a grant of up to 40% of your eligible costs. [http://eur-lex.europa.eu/resource.html?uri=cellar:07cc36e9-56a0-4008-ada4-08d640803855.0005.02/DOC\\_45&format=PDF](http://eur-lex.europa.eu/resource.html?uri=cellar:07cc36e9-56a0-4008-ada4-08d640803855.0005.02/DOC_45&format=PDF).

### If you don't produce Annex I products

If your raw materials are on the Annex I list, but your end products are not, use the tables below to see how much grant funding you can apply for.

The grants will normally be awarded under industrial de minimis state aid.

## Other food processing businesses

If neither your raw materials nor your end products are on the Annex I list, you're only eligible to apply if you are a micro or small business in a rural area, or a farmer diversifying into non-agricultural activities. Please see priority 2 for details.

Raw materials in	Product out	Location of processing	Amount that can be applied for
Annex I product	Annex I product	n/a	up to 40%
Annex I product	<b>Not</b> an Annex I product	Processing on farm	<ul style="list-style-type: none"> <li>• Where total grant amount is less than €200,000 then max grant rate is 40%*.</li> <li>• Where grant amount is more than €200,000 then max grant rate is 20%</li> </ul>
		Processing takes place OFF an agricultural holding	<ul style="list-style-type: none"> <li>• Where grant amount is less than €200,000 then max grant rate is 40%*</li> <li>• Where grant amount is more than €200,000 then max grant rate is 10%.</li> </ul>

**\*Industrial de minimis state aid regulations** mean that a maximum of €200,000 (currently around £170,000) of public funds is available to an undertaking in any rolling period of 3 financial years. If you have had other public funding this may count towards the industrial de minimis aid amount and reduce the amount of money you can apply for from LEADER. Any industrial de minimis state aid received by linked businesses will count towards the industrial de minimis amount.

Basic Payment Scheme and Countryside Stewardship payments do NOT count towards the industrial de minimis limit.

### Grant funding can help pay for:

- investment in equipment, technologies or processes to develop new or higher quality agri-food products
- construction or conversion of buildings to be used for processing activities
- investments in the production and processing of non-timber forest products, particularly wild venison, including on-holding cold storage and butchery facilities

- investments in collaborative grain processing facilities which benefit a number of farmers
- food processing projects investing in equipment, technologies or processes to reduce waste

### **Costs could include:**

- constructing and/or improving buildings
- buying new and second hand equipment and machinery

The following costs are also eligible, if they form part of a larger project being funded:

- architect, engineer or consultant fees related to the project (as long as these don't add up to more than 15% of the project's total eligible costs)
- buying or developing a dedicated piece of computer software (but not an off-the-shelf piece of software like Microsoft Office)
- patents, licences, copyrights or trademarks
- landscaping, when it is 'making good' as part of a larger construction project.
- development of marketing materials, but not their production or distribution

### **What isn't covered**

See Chapter 4 for the list of costs which can't be claimed.

## 1d) Investments in reservoirs and irrigation

The aim of this priority is to improve the management of water resources on farm through investments in reservoirs or improved irrigation.

### Who can apply

- farmers
- groups of farmers
- horticultural producers

### Who can't apply

The following are not eligible for the grants:

- non-departmental public bodies
- crown bodies

### How much funding is available

The minimum grant is £2,500 and the maximum grant that the Herefordshire LAG will offer is £100,000.

### Projects which increase the irrigated area

If your project increases the area of land irrigated, then either:

- the water body that you will abstract water from must be classified as in 'Good' or 'High' condition, or
- the 'Reason for Not Attaining Good' status (RNAG) does not relate to the quantity of water available

Please contact the LAG for further information on how to find out the status of a water body.

### Grant funding can help pay for:

The grant can be used to pay for:

- constructing a water storage reservoir (above or below ground) for use in crop production including
  - construction of dam walls
  - synthetic liner, if needed
  - overflow / spillway
- associated infrastructure such as
  - abstraction point including pump
  - pipework to fill the reservoir
  - water meters
  - irrigation pump(s) and controls
  - pumphouse
  - underground water distribution main and hydrants

- filtration equipment including sand or screen filters and UV treatment
- fencing for synthetically lined reservoirs only
- best practice or innovative water application equipment such as
  - trickle irrigation
  - boom irrigators
  - software and sensors to optimise water application
- buying or developing a dedicated piece of computer software to monitor soil moisture levels and schedule irrigation (but not an off-the-shelf piece of software like Microsoft Office)
- construction engineer fees for the project (as long as these don't add up to more than 15% of the project's total eligible costs)

## **What isn't covered**

- costs of meeting legislative requirements – for example obtaining planning consent, archaeological investigations, flood risk mapping, abstraction licences
- gutters and downpipes for rainwater harvesting
- the cost of moveable fittings – like metal over ground irrigation pipes
- hose reels
- generators
- rain guns
- landscaping – unless it is part of 'making good'
- jetty, fishing stage

## **Are panel engineer fees eligible?**

Construction engineer fees (if incurred after a Grant Funding Agreement is signed) are potentially eligible but fees for supervising engineers and inspecting engineers are not eligible.

## Priority 2 – Support for micro and small businesses (non-agricultural) and farm diversification

### What the grants are for

Funds under this priority will be used to provide grants for:

- developing or starting rural micro and small businesses
- farm diversification projects for example
  - agricultural contracting services using technologies eligible under priority 1a or 1b
  - farm shops

### Who can apply

These grants are for:

- people who want to start a business in the LAG area
- farming or horticultural businesses that want to diversify into non-farming or non-horticultural activities
- micro and small businesses including social enterprises, in the LAG area.

### Who can't apply

The following are not eligible for the grants:

- non-departmental public bodies
- crown bodies

### How much funding is available

In this priority grants to commercial projects intended to make a surplus are awarded under industrial de minimis state aid rules\* and to a maximum of 40% of the project's eligible costs. The minimum grant is £2,500 and the maximum grant that the Herefordshire LAG will offer is £100,000.

**\*Industrial de minimis state aid regulations** mean that a maximum of €200,000 (currently around £170,000) of public funds is available to an undertaking in any rolling period of 3 financial years. If you have had other public funding this may count towards the industrial de minimis aid amount and reduce the amount of money you can apply for from LEADER. Any industrial de minimis state aid received by linked businesses will count towards the industrial de minimis amount.

Basic Payment Scheme and Countryside Stewardship payments do NOT count towards the industrial de minimis limit.

### **Grant funding can help pay for:**

- starting a new business
- developing an existing business
- diversifying into non-agricultural or non-horticultural activities

### **Costs could include:**

- constructing and/or improving buildings
- buying new and second hand equipment and machinery

The following costs are also eligible, if they form part of a larger project being funded:

- architect, engineer or consultant fees related to the project (as long as these don't add up to more than 15% of the project's total eligible costs)
- buying or developing a dedicated piece of computer software (but not an off-the-shelf piece of software like Microsoft Office)
- patents, licences, copyrights or trademarks
- landscaping, when it is 'making good' as part of a larger construction project
- development of marketing materials, but not their production or distribution

### **What isn't covered**

See Chapter 4 for the list of costs which can't be claimed.



## Priority 3 – Support for rural tourism

### What the grants are for

The aim of this funding priority is to support projects that will encourage more tourists to come, to stay longer and to spend more money in rural areas.

### Who can apply

These grants can fund a wide range of projects that provide products and services to tourists. Who can apply depends on whether or not the project is profit-making and commercially run.

Type of project	Examples (these are illustrations only)	Who can apply
Commercial, profit-making project	<ul style="list-style-type: none"> <li>• Tourist attractions</li> <li>• Accommodation</li> <li>• Retail outlets</li> <li>• Food and drink outlets</li> </ul>	<ul style="list-style-type: none"> <li>• Small and micro businesses, including social enterprises</li> <li>• Farmers wanting to diversify into tourism</li> <li>• Charities</li> </ul>
Makes some income to offset costs but is not intended to make a profit	Museum or cultural space, festivals promoting local food or crafts	<ul style="list-style-type: none"> <li>• Rural businesses, including social enterprises</li> <li>• Farmers</li> <li>• Land-owners</li> <li>• People or groups representing rural communities</li> <li>• Charities</li> <li>• Public bodies</li> </ul>
Generates no income	Free tourist attractions, for example local landmarks, trails and signage	<ul style="list-style-type: none"> <li>• Rural businesses, including social enterprises</li> <li>• Farmers</li> <li>• Land-owners</li> <li>• People or groups representing rural communities</li> <li>• Charities</li> <li>• Public bodies</li> </ul>

## How much funding is available

The amount of funding you can get depends on whether or not the project is commercially run and intended to make a profit. The minimum grant is £2,500 and the maximum grant that the Herefordshire LAG will offer is £100,000.

Type of project	Maximum percentage
Commercial, profit-making project (such as a tourist attraction)	up to 40%
Makes some income to offset costs but is not intended to make a profit (such as small buildings for tourist information; festivals)	up to 80%
Generates no income (such as a new cycle path)	up to 100%

**\*Industrial de minimis state aid regulations** mean that a maximum of €200,000 (currently around £170,000) of public funds is available to an undertaking in any rolling period of 3 financial years. If you have had other public funding this may count towards the industrial de minimis aid amount and reduce the amount of money you can apply for from LEADER. Any industrial de minimis state aid received by linked businesses will count towards the industrial de minimis amount.

Basic Payment Scheme and Countryside Stewardship payments do NOT count towards the industrial de minimis limit.

## Grant funding can help pay for:

- Tourist attractions and activities including
  - developing events and festivals promoting local products
  - developing culture, leisure, heritage, visitor activities or attractions and the marketing and signposting of these
  - supporting niche products linked to quality local food, culture, sport heritage and rural crafts
- Developing tourism infrastructure including
  - access infrastructure to help people connect to the natural environment such as paths and cycle-ways
  - small buildings for tourist information centres, visitor centres, shelters and signage and interpretation boards.
  - developing innovative technology that enhances collaboration between businesses and provides information to attract visitors.
- Developing quality accommodation if there are clear wider benefits to the local tourism economy and if activities do not displace existing accommodation

- Providing benefits to the wider tourism economy in the rural area for example supporting shops, catering services, restaurants and cafes

### **Costs could include:**

- constructing and/or improving buildings
- buying new and second hand equipment and machinery

The following costs are also eligible, if they form part of a larger project being funded:

- architect, engineer or consultant fees related to the project (as long as these don't add up to more than 15% of the project's total eligible costs)
- buying or developing a dedicated piece of computer software (but not an off-the-shelf piece of software like Microsoft Office)
- patents, licences, copyrights or trademarks
- landscaping, when it is 'making good' as part of a larger construction project
- development of marketing materials, but not their production or distribution
- capital costs involved in supporting events and festivals
- short term salaries associated with project development

Purchasing of buildings for community use where the project is not intended to make a profit **may** be eligible. Please talk to the LAG before submitting an EOI if your project involves the purchase of a building for community use.

### **What isn't covered**

In addition to the list of costs which can't be claimed in Chapter 4, salaries and office overheads of staff employed to run events and festivals are not eligible under this priority.

## Priority 4 – Provision of rural services

### What the grants are for

These grants are for projects that grow the local economy by improving rural communities, particularly in terms of access to services and the provision of infrastructure. They could include the development of community buildings, public spaces, or cultural or tourism amenities.

### Who can apply

These grants could be for:

- new or existing micro or small businesses
- rural community organisations
- charities
- public or private entities working in partnership with small and micro business and rural community groups
- local authorities in exceptional circumstances, where for example the project outcomes are enhanced by their inclusion, or the local authority can show that the project and the funding required is in addition to their statutory requirement to provide rural services

### How much funding is available

The amount of funding you can get depends on whether or not the project is commercially run and intended to make a profit. The minimum grant is £2,500 and the maximum grant that the Herefordshire LAG will offer is £35,000.

Type of project	Maximum percentage
Commercial, profit-making project (such as a transport or social care service operating commercially)	up to 40%
Makes some income to offset costs but is not intended to make a profit (a community hall where any income covers only operating costs and maintenance)	up to 80%
Generates no income (playgrounds, transport services where there is no charge made for the service)	up to 100%

**\*Industrial de minimis state aid regulations** mean that a maximum of €200,000 (currently around £170,000) of public funds is available to an undertaking in any rolling period of 3 financial years. If you have had other public funding this may count towards the industrial de minimis aid amount and reduce the amount of money you can apply for from LEADER. Any industrial de minimis state aid received by linked businesses will count towards the industrial de minimis amount.

Basic Payment Scheme and Countryside Stewardship payments do NOT count towards the industrial de minimis limit.

### **Grant funding can help pay for:**

- projects that develop towns and villages in rural areas and their rural services
- projects that involve visits to farms for educational purposes so that the public has a greater understanding of the countryside and rural areas
- creation, improvement or expansion of small-scale village infrastructure, including amenity buildings and village access (for example footpaths)
- developing village infrastructure and access to key services, which may include tourism projects that increase services for the local community and contribute to village renewal
- setting up, improving or expanding essential services (for example transport) for the local community

### **Costs could include:**

- constructing and/or improving buildings
- buying new and second hand equipment and machinery

The following costs are also eligible, if they form part of a larger project being funded:

- architect, engineer or consultant fees related to the project (as long as these don't add up to more than 15% of the project's total eligible costs)
- buying or developing a dedicated piece of computer software (but not an off-the-shelf piece of software like Microsoft Office)
- patents, licences, copyrights or trademarks
- landscaping, when it is 'making good' as part of a larger construction project
- development of marketing materials, but not their production or distribution

Purchasing of buildings for community use where the project is not intended to make a profit **may** be eligible. Please talk to the LAG before submitting an EOI if your project involves the purchase of a building for community use.

### **What isn't covered**

In addition to the list of costs which can't be claimed in Chapter 4, the provision of broadband infrastructure is not eligible under this priority.

## Priority 5 – Support for cultural and heritage activity

### What the grants are for

These grants are for projects that promote, enhance and upgrade culture and heritage assets. The focus is to:

- grow the wider rural economy
- create a sense of local identity through raised awareness of the assets' importance
- help protect culture and heritage features against damage and degradation

The Culture and Heritage priority is for projects that make no charge. Projects that will generate an income should apply under either Priority 3 Support for Rural Tourism or Priority 4 Provision of Rural Services.

### Who can apply

- landowners
- rural community groups
- local authorities in exceptional circumstances, where for example the local authority can show that the project and the funding required is in addition to their statutory requirement to provide this kind of activity and the project will be of benefit to farmers, landowners and/or rural communities

Please note where the activity will take place on an agricultural holding, this may be eligible for support under the Countryside Stewardship Scheme. Farmers and landowners should contact Natural England in the first instance to check eligibility of the project under Countryside Stewardship Scheme.

### How much funding is available

If the grant amount is less than €200,000 then the grant rate can be up to 100% and is awarded under industrial de minimis state aid rules.\* The minimum grant is £2,500. The maximum grant amount that will be awarded by the LAG is £35,000.

**\*Industrial de minimis state aid regulations** mean that a maximum of €200,000 (currently around £170,000) of public funds is available to an undertaking in any rolling period of 3 financial years. If you have had other public funding this may count towards the industrial de minimis aid amount and reduce the amount of money you can apply for from LEADER. Any industrial de minimis state aid received by linked businesses will count towards the industrial de minimis amount.

Basic Payment Scheme and Countryside Stewardship payments do NOT count towards the industrial de minimis limit.

- the costs of construction and / or restoration of buildings and other physical assets, including related costs such as architects and engineering fees
- the costs to enhance, restore and upgrade the cultural and natural heritage of villages and rural landscapes and high nature value sites
- the conservation of small scale built heritage
- the costs to enhance cultural and community activities
- investments to enhance venues providing cultural and heritage activity
- the costs of events linked to cultural activity

### **Costs could include:**

- constructing, purchasing restoring or improving buildings
- buying new and second hand equipment and machinery

The following costs are also eligible, if they form part of a larger project being funded:

- architect, engineer or consultant fees related to the project (as long as these don't add up to more than 15% of the project's total eligible costs)
- buying or developing a dedicated piece of computer software (but not an off-the-shelf piece of software like Microsoft Office)
- patents, licences, copyrights or trademarks
- landscaping, where this is part of the restoration or upgrading of a cultural heritage asset
- development of marketing materials, but not their production or distribution

### **What isn't covered**

See Chapter 4 for the list of costs which can't be claimed.

## Priority 6 – Support for increasing forestry productivity

### What the grants are for

These grants are for projects that increase forestry productivity. The aim is to:

- increase economic return through more efficient felling and extraction
- add value to felled timber by primary processing
- deliver permanent new supply chains and jobs
- restore regular management to local woods

### Who can apply

Private forest holders and micro, small or medium-sized forestry contractor businesses can apply under this funding priority.

You'll need to send us a copy of your woodland management plan if you are a private forest holder with more than 10ha of woodland.

Private forest holders of forests less than 10ha cannot apply for funding solely for their own forest holdings under this priority, but could apply if they will be working as contractors on other holdings too.

### Are you a private forest holder?

A private forest holder has the legal right to manage the forest land of either private or public ownership.

### Check the size of your forestry contractor business

The size of the forestry contractor business depends on the number of full-time equivalent (FTE) employees it has and its financial performance.

The table in chapter 2 shows what qualifies as a micro, small or medium business.

### Who can't apply

The following are not eligible for grants under this priority:

- non departmental public bodies
- Crown bodies
- forestry contractor businesses classed as large – check the size of your business using the table in Chapter 2
- businesses not specifically engaged in forestry contracting such as landscape gardeners, tree surgeons and arboriculturalists, although such businesses may be eligible under priority 2.



## How much funding is available:

The minimum grant is £2,500 and the maximum grant that the Herefordshire LAG will offer is £100,000. The grants can only fund up to 40% of eligible costs.

## Grant funding can help for:

- machinery and equipment to harvest and extract timber
- investments that add value to felled timber by primary processing
- the costs of developing wood-fuel supply chains
- transportation of wood within a forest by specialised forestry equipment, excluding standard transport activities

## Costs could include:

Eligible items	Comments
Timber processors and harvesting heads for primary processing of felled trees	Forestry equipment must meet all Health and Safety Executive guidelines on rollover, operator and falling objects protection.
Winches and associated equipment for extraction (including skyliners)	
Tractor or trailer mounted Cranes designed for extracting timber from woodland.	
Skidders – these must be used in line with UK Forestry standards	
Tractor-mounted forestry grabs or tongs	
Forwarders (log-moving vehicles)	
Trailers designed specifically for hauling timber or logs	
Forestry tractors	Forestry guarding must be factory or dealer fitted and meet CE standards.
Crane-fed wood chippers	The equipment must be able to produce woodchip that meets European chip size standards for biomass heating systems
Trommels or other types of chip-screening equipment	
Mechanical log splitters, Firewood processors and kindling machines	
Log decks, log lifters, conveyors, bagging chutes and bagging or bundling machines	
Mobile saw bench or mobile saw mill	
Covered areas and associated hardstanding for processing, storing and seasoning timber or woodchip; including solar kilns	Buildings must be constructed in accordance with BS5502 and fabricated

	steelwork must meet CE standards
Moisture meters	
Force drying systems	
Equipment for creating fencing material	The machine must be able to convert felled timber into round and half round fencing posts
Equipment for applying preservative	Equipment must be able to apply preservative at cellular level using vacuum and high pressure

It's your responsibility as an individual operator or employer to ensure that any forestry machinery or equipment is operated in accordance with relevant Health and Safety legislation and felling licences, and that any buildings meet relevant construction standards.

## What isn't covered

In addition to the list of costs which can't be claimed in chapter 4 the following costs are not eligible under this priority:

- large scale or industrial processing undertaken by static machinery with an annual processing capacity that is more than 10,000m<sup>3</sup> (excluding firewood processors producing logs)
- construction of hardstanding areas in forests
- construction of woodchip stores to service on site biomass heating systems
- wood-fired boilers
- standard or small scale tractors
- all-terrain vehicles
- tipping trailers
- flatbed trailers
- box trailers
- items required for brashing and ride-clearance
- standard forestry equipment (including chain saws, strimmers, brush cutters and other hand tools) and consumables (including safety equipment and clothing)
- investments in woodland creation or the management of woodland itself
- the preparation of woodland management plans

## Chapter 6: How to apply

What you need to do to begin your application and an overview of the information you must provide.

The application process is in 2 stages. First, you must submit an 'Expression of Interest' (EOI) form. If we endorse your EOI, we will invite you to submit a full application.

### The Expression of Interest (EOI) form

For an EOI form contact the LEADER Programme Team using the contact details on the front cover of the Handbook. On the EOI, you'll need to give us some information about your business, including:

- whether it's linked to any other businesses
- turnover and balance sheet total from the most recent financial accounts
- details of any previous public funding your business has had

You'll also need to tell us about your project:

- what the objectives are and what the outputs will be
- an overview of the costs
- important dates for the project
- how it fits with the local and national priorities for funding
- the market demand for your project and its impact on similar businesses

### How to submit your form

Email your EOI to the LEADER mailbox at [leader@herefordshire.gov.uk](mailto:leader@herefordshire.gov.uk) We can only accept forms that are:

- sent by email
- Microsoft Excel documents saved in the 1997-2003 XLS format

We cannot accept EOI forms in any other format – including PDF documents, scanned documents, hard copy printed applications or hand-written applications.

Email your EOI from the email address you specify in section 3 of the EOI form. If an agent sends the form on your behalf, that address must be copied into the email.

Provide an email address that you monitor regularly. We will use the email address you put in section 3 of the form as our main way of contacting you.

## What happens after you submit your EOI

After you submit the form, you'll get an email to say we have received it. We will then assess your EOI and let you know whether or not you will be invited to submit a full application.

### If an application is unsuccessful

If your application is unsuccessful at EOI or full application, we will send you a letter with the reasons.

To find out how to appeal against the decision, contact the Herefordshire LAG.

### Full application

If you're invited to submit a full application, we'll send you the relevant form and advice about how to fill this in. We will also give you a date by which you should return the form and supporting information. The form asks for full details about you, your business and your project, including:

- final project costs
- supplier details
- key dates
- proposed project outputs
- it will also ask if there have been any changes to the project since the Expression of Interest

You'll need to send us:

- business accounts for last 2 or 3 financial years (unless you are a new business)
- relevant permissions and consents
- 3 quotes for each item to be purchased
- evidence that you can cover the project costs before claiming the grant in stages
- proof of tenancy if required

There is potentially a lot of information, evidence and paperwork to collect. You'll be given a named contact to support you and answer questions.

Before you send us your full application, you'll need to be registered on the RPA's [Rural Payments service](#) and have a Single Business Identifier (SBI) number.

The Herefordshire LAG meet every month. They will decide if a Full Application is successful and if a grant offer can be made.

For an application to be considered at a LAG meeting, the completed Full Application will need to be received by the Herefordshire LAG at least 12 weeks before the LAG meeting date.

Dates that the Herefordshire LAG meet can be made available on request.

The LAG will let applicants know whether or not they have been successful.

### **If you are offered a grant**

If you're offered a grant, we'll send you a grant funding agreement for you to sign. This will set out the legal terms and conditions of the grant, including:

- the amount of the grant
- the outputs we've agreed for your project
- which suppliers you're using

**If you need to change anything in the grant funding agreement over the course of the project, you need to get written agreement from us first.** If not, we could terminate your agreement and reclaim any grant we've already paid.

You'll get more information and help with this if you're offered a grant.