



SCOTTISH EXECUTIVE

Environment and Rural Affairs Department
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1 February 2005

Dear Sir/Madam

CONSULTATION ON PROPOSALS AND DRAFT REGULATIONS FOR A REVISED CROFTING COUNTIES AGRICULTURAL GRANTS SCHEME (CCAGS)

On behalf of Scottish Ministers, we are inviting written responses to this consultation paper by 26 April 2005. The consultation relates to a Scheme which should be laid before the Parliament later this year. This Scheme will set out the statutory basis for the future operation of the Crofting Counties Agricultural Grants.

Previous consultation and legislative process

In October 2003 the Crofters Commission published proposals for a new Crofting Development Programme these were the subject of an extensive consultation. These proposals cannot be implemented in full until legislation is put in place to give the Crofters Commission the power to run such a programme. The current proposals which draw on the results of that consultation are an interim measure which move towards the goals envisaged in the Crofters Commission's proposals within the constraints of current legislation.

Contents of this consultation paper

This consultation paper seeks views on the provisions of the Scheme and a number of other matters not covered by the Scheme which will be relevant to its operation. The Scheme sets out the legislative framework for revised grant provisions. It is intended that, subject to the outcome of this consultation and any further adjustments that may be required to ensure compliance with state aid requirements, this Scheme will be laid in the Parliament in 2005.

Part A explains the intended effect of the provisions of the Scheme and seeks views on these provisions. A copy of a draft of the Scheme is attached as Annex A to the consultation document. Also attached as Annex B is a draft of the scheme guidance detailing the scheme criteria and conditions, Annex C describes the items eligible for grant.

Part B deals with a number of issues which will be relevant to the Scheme but which cannot be included in that statute including the circumstances in which assistance will be given on a standard costs basis and the origin of these standard costs.

Next steps

Ministers and officials will give careful consideration to all comments before finalising the Scheme and laying it in the Parliament. Subject to the outcome of this consultation we presently expect the scheme changes to become operational on 1 September 2005.

Impact on current scheme

All projects which have already been given approval under the existing scheme prior to the start date of the new scheme (1 September 2005) will be able to proceed and grant will be paid at the rate applicable at the time of application. In cases where prior approval is not required claims for grant will only be paid at the current scheme rates if it can be demonstrated that the work on which grant is claimed started before the start date of the new scheme (1 September 2005) (for this purpose the date expenditure on the purchase of materials was first incurred will be deemed to be the start of work). All current and recent past users of this scheme will be advised of these arrangements.

Responding to this consultation paper

We are inviting written responses to this consultation paper by 26 April 2005. The consultation document poses questions about specific matters on which we wish the views of consultees. This does not however preclude consultees from commenting on any other aspects of the proposals. For the convenience of consultees we have included a form that can be used for making your response. This lists the questions and provides space for comments (Annex D). If you are not using this form we would be grateful if you could clearly indicate in your response the questions or parts of the consultation paper to which you are responding, as this will aid our analysis of the responses received. In addition every person responding is requested to **complete the enclosed Respondee Information Form**.

Please send your response to:

dorothy.parr@scotland.gsi.gov.uk

or

**Mrs D Parr
Land Use and Rural Policy Division
The Scottish Executive Pentland House
47 Robb's Loan
EDINBURGH
EH14 1TY**

If you wish to access this consultation online, go to <http://www.scotland.gov.uk/view/views.asp>. You can telephone Freephone 0800 77 1234 to find out where your nearest public internet access point is, if you prefer to submit your response by e-mail to dorothy.parr@scotland.gsi.gov.uk

Part C of this consultation paper contains additional information about Scottish Executive consultation policy, including about access to consultation responses. If you have any comment about how this consultation exercise has been conducted, please send them to Mrs Parr at the above address and if you have any queries contact **Dorothy Parr** on **0131 244 6209**.

Yours faithfully

R I PERRETT

RESPONDEE INFORMATION FORM

Please complete the details below and attach it with your response. This will help ensure we handle your response appropriately:

Name:
Postal Address:
Consultation on Proposals and Draft Regulations for a Revised Crofting Counties Agricultural Grants Scheme (CCAGS)

1. Are you responding as: (please tick one box)

	(a) an individual	<input type="checkbox"/> (go to 2a)
	(b) on behalf of a group or organisation	<input type="checkbox"/> (go to 2c)

If responding AS AN INDIVIDUAL:

2a. Do you agree to your response being made available to the public (in SE library and/or on SE website)?

	Yes	<input type="checkbox"/> (go to 2b)
	No, not at all	<input type="checkbox"/> (go to 3)

2b. *Where confidentiality is not requested*, we will make your response available to the public on the following basis (**please tick one** of the following boxes):

	Yes, make my response, name and address all available	<input type="checkbox"/> (go to 3)
	Yes, make my response and name available, but not my address	<input type="checkbox"/> (go to 3)
	Yes, make my response available, but not my name or address	<input type="checkbox"/> (go to 3)

If responding ON BEHALF OF A GROUP OR ORGANISATION:

2c. Your name and address as respondents *will be* made available to the public (in the SE library and/or on SE website). Are you content for your response to be made available also?

	Yes	<input type="checkbox"/> (go to 3)
	No	<input type="checkbox"/> (go to 3)

SHARING RESPONSES/FUTURE ENGAGEMENT

3. We will share your response internally with other SE policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for the Scottish Executive to contact you again in the future in relation to this consultation response?

	Yes	<input type="checkbox"/>
	No	<input type="checkbox"/>



SCOTTISH EXECUTIVE

CROFTING COUNTIES AGRICULTURAL GRANT SCHEME

CONSULTATION ON PROPOSALS FOR A REVISED SCHEME

&

**THE CROFTING COUNTIES AGRICULTURAL GRANTS
CONSOLIDATION (SCOTLAND) SCHEME 2005**

Scottish Executive Environment and Rural Affairs Department
February 2005

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Part A:

THE REVISED GRANT SCHEME

A1. The draft Crofting Counties Agricultural Grants Consolidation (Scotland) Scheme 2005 is a draft statutory instrument to create a legal framework for determining eligibility and payment rates. It is a consolidation of the provisions in the statutory instruments which currently govern the operation of the Crofting Counties Agricultural Grants Scheme (CCAGS). It also introduces changes to the existing provisions to set new grant rates to increase the maximum amounts of expenditure which can be assisted, to simplify the assessment of the expenditure limits and to bring the scheme rules into line with the requirements of state aid compliance. The changes from the previous scheme arrangements and in some cases the reasons why there has been no change are discussed in detail in the following sections of part A.

A2. Paragraph 2 of the scheme consists of definitions. The definition of crofter includes a grazings committee or grazings constable and has the effect of ensuring that a grazings committee or grazings constable will be eligible for assistance for works on the grazings. The definition of eligible occupier specifies who, other than a crofter, is eligible for assistance under the scheme. This allows croft owner occupiers, certain farmers in the crofting counties and official sub-tenants of crofts access to assistance under the scheme. Both these definitions are unchanged from those in the current scheme.

Q1: Is there any category of person currently entitled to assistance under the scheme who should not continue to be eligible for assistance?

Q2: Is there any category of person currently not entitled to assistance under the scheme who should become eligible for assistance?

A3 The definition of the Less Favoured Area (LFA) is new and is required for the purposes of paragraph 7 of the Scheme where we propose one grant rate which will apply to LFA graded units and a lower grant rate that will apply to other units. This reflects the traditional arrangement whereby CCAGS has been available to crofters and other eligible occupiers throughout the crofting counties including holdings which are not LFA graded units. However, it is arguable that there is little justification for providing the extra assistance available through CCAGS to crofters and other eligible occupiers for land which is not part of a LFA graded unit. Land which is not classed as LFA is land which should be capable of sustaining commercial agriculture and there must be an element of unfair competition in giving assistance to only a limited proportion of the agricultural businesses operating in these areas. It would make this scheme marginally easier to administer and help clarify its justification if eligibility were to be confined to holdings in the crofting counties that are LFA graded units.

Q3: Should assistance continue to be available to crofters and eligible occupiers in respect of land which is not part of a LFA graded unit?

A4 Sub-paragraph (1) of paragraph 3 of the Scheme specifies the purposes for which grants may be made. This is not intrinsically different in effect from the previous requirement. However, the legislation now sets out certain requirements which were previously applied administratively in the course of consideration of grant applications. The first of these is a requirement that grant may not be given if the purpose of the activity for which grant is sought is the direct replacement of an existing asset which has reached the end of its useful life. This is a requirement of the state aid rules and in practice in the past the Agricultural staff would not have approved such projects for grant assistance. The second is a restatement of the list of activities for which the state aid rules allow

assistance to be provided. This listing covers the range of purposes for which CCAGS assistance is given. Making specific provision for these items in the scheme is intended to make these requirements explicit and transparent and to demonstrate that the scheme rules do impose these requirements of the state aid rules.

A5 Sub-paragraphs (2) & (3) of paragraph 3 are new provisions giving Ministers power to set budgets for the Scheme and reject applications when they consider that a consequence of approving an application may lead to spending in excess of the budget available for grants. These provisions are relevant only in a situation where demand for assistance is very high. In recent years the scheme spending has been well within budget. Nevertheless hitherto it was not possible to limit spending to meet budgetary constraints and some years ago uncontrollable overspending occurred. This gives Ministers the power to properly control spending for the first time. A further feature of this proposal is that in times when demand is high the provisions of sub-paragraph (2)(b)&(c) of paragraph 3 will allow Ministers to identify, and direct funding to meet priorities by area and by project type.

Q4: Do you agree that this is the best method of controlling funding when overall demand exceeds available resources?

A6. Sub-paragraph (4) of paragraph 3 is unchanged from the current provision.

A7. Paragraph 4(1) is essentially a reversion back to the arrangements that existed prior to 1994 when the scheme was changed to allow some grant aided activities to be undertaken without prior approval. This reversion, to a requirement that all grant aided activities must be approved before work starts in order to be eligible for assistance, is required so that this scheme can comply with the state aid rules.

A8. Paragraph 4(4) is entirely new and is intended to allow Ministers to manage expenditure commitments where it is necessary to do so.

A9. Paragraph 5 is unchanged from the current provision.

A10. Paragraph 6 represents a significant change from previous arrangements. The upper limits on eligibility for assistance have been increased and the mechanism for applying the limits has been simplified. The previous carry forward arrangements based on eligible expenditure and running totals would end. There would be no transitional problem because of the significant increase in the eligibility limit which, in future, would be based on the amount of grant paid rather than the amount of eligible expenditure. This will mean that grant can be paid on any likely outstanding claims relating to completed projects under the current scheme, which had been delayed due to the expenditure limit, without any risk of a breach of the new limit.

A11. The scheme has no upper limit on the cost of projects. It is important to note that the effect of sub-paragraph (3) of paragraph 4 will be to enable expensive projects to come forward. However in such cases approved costs would be restricted to costs which will result in payment of grant assistance in line with the provisions of paragraph 6. With the balance of cost being ineligible for assistance.

Q5: Do you agree with this new approach to expenditure limits and, if not, what alternative approach would you consider to be appropriate?

A12. Sub-paragraph (1) of paragraph 7 specifies 2 grant rates. The rate of assistance is 50% of cost in the LFA and 40% of cost elsewhere. This is in contrast to the range of different rates available under CCAGS previously and is required in order to comply with state aid rules. In practice it is expected that the reductions in the grant rate will not make a great difference because the new grant rate will still provide a significant incentive to proceed with eligible works and in any case this is the

grant rate that applies to some of the more popular and costly eligible works under the current arrangements.

A13 Sub-paragraph (2) of paragraph 7 specifies circumstances under which grant may be refused or recovered. This matches a provision in the current scheme.

A14 Paragraphs 8, 9 & 10 reflect provisions of the existing scheme. Paragraph 8 allows the payment of grant towards the applicant's share of the cost of providing a cattle grid, paragraph 9 empowers Ministers to specify grant conditions and paragraph 10 sets the new grant rates.

A15 Paragraphs 11 and 12 deal respectively with the role of the Crofters Commission, and payment of grant by instalments. These represent no change from the current scheme.

A16 Paragraph 13 deals with recovery of grant on non compliance with the scheme rules. Sub-paragraph (1) reflects the existing provisions but Sub-paragraphs (2) – (5) are new provisions reflecting standard requirements now found in other SEERAD grant schemes. Sub-paragraph (2) would allow Ministers to levy a surcharge where an applicant is believed to have been reckless or to have intentionally set out to ignore conditions of grant. Sub-paragraph (3) would give Ministers power to bar an applicant from applying for grant for a specified future period. Sub-paragraph (4) specifies the form of notice to be given under paragraph 13 and Sub-paragraph (5) sets out the basis on which interest will be charged on sums being recovered.

A17 Paragraph 14 provides that previous schemes are revoked.

A18 Paragraph 15 provides for payment to be made in respect of entitlements established under the previous scheme at the grant rates applicable under that scheme.

A19 The Schedule to the scheme specifies at paragraph 1 the operations that will be eligible for assistance. Most of these are as under the current scheme but two of the eligible operations under the current scheme {Bracken control and Improvement of land (excluding heath land and moor land) by regeneration, re-seeding, laying down to permanent pasture or reconditioning) have been dropped. These have been replaced by item 3 "Restoration of derelict land (excluding heath land or moor land) by re-generation, re-seeding, laying down to permanent pasture, bracken control or re-conditioning". The change was made because the previous operations could not be explained as anything other than operating aids. The new eligible operation would be carried out on a single occasion, for instance, by someone taking over a croft to bring the land up to a good agricultural standard. Subsequent activity to maintain the land would not be eligible for support.

A20 Paragraph 2 of the schedule deals with payment of grant on incidental works and is consistent with provision in the current scheme.

A21 Paragraph 3 of the schedule provides that assistance can be given on a standard cost basis. It is consistent with past provision. The actual standard cost regime is not specified in the Scheme. Standard costs are specified by the Department for a range of schemes and the standard cost regime which will apply under this new scheme is discussed in Part B of this consultation.

Part B:

OTHER ISSUES

Standard Costs

B1. The standard costs that will apply under the new scheme are those set out in the SEERAD standard Costs booklet published in March 2002 for the purposes of the Agricultural Business Development Scheme, the Farm Business Development Scheme and the Farm and Conservation Grant Scheme. This will provide a significant increase over the standard costs currently available to CCAGS applicants. Details of these standard costs are not given in this consultation document but copies of the Standard Costs booklet will be made available to interested consultees on request.

Technical guidance

B2. The details of the works eligible for assistance are set out in Annex C. In general the changes to these will be limited to updating to reflect the new requirements of paragraph 3 of the draft regulations (see paragraph A4 above) with no significant changes which affect applicants. However, the requirements in Annex C reflect the removal of two of the eligible operations under the current scheme - Bracken control and Improvement of land (excluding heath land and moor land) by regeneration, re-seeding, laying down to permanent pasture or reconditioning - and the replacement of these by a new operation "Restoration of derelict land (excluding heath land or moor land) by re-generation, re-seeding, laying down to permanent pasture, bracken control or re-conditioning" (see paragraph A19 above). Annex C will enable consultees familiar with the existing technical guidance to see the effect of the introduction of the requirements in paragraph 3 of the Scheme.

Environmental Impact Assessment (EIA)

B3. It is important to note that certain operations that could be aided under the Scheme might require to be screened under the requirements of the EIA (Uncultivated Land and Semi-Natural Areas) (Scotland) Regulation 2002. In such cases approval will be conditional on such screening having taken place. Furthermore where an Environmental Impact Assessment is considered necessary approval of the project for grant will not be given until that assessment has been completed and only then if that assessment demonstrates that it is in order to proceed with the planned works.

PART C

SCOTTISH EXECUTIVE CONSULTATION POLICY

The Scottish Executive Consultation Process

Consultation is an essential and important aspect of Scottish Executive working methods. Given the wide-ranging areas of work of the Scottish Executive, there are many varied types of consultation. However, in general Scottish Executive consultation exercises aim to provide opportunities for all those who wish to express their opinions on a proposed area of work to do so in ways which will inform and enhance that work.

While details of particular circumstances described in a response to a consultation exercise may usefully inform the policy process, consultation exercises cannot address individual concerns and comments, which should be directed to the relevant public body. Consultation exercises may involve seeking views in a number of different ways, such as public meetings, focus groups or questionnaire exercises.

Typically, [Scottish Executive consultations](#) involve a written paper inviting answers to specific questions or more general views about the material presented. Written papers are distributed to organisations and individuals with an interest in the area of consultation, and they are also placed on the Scottish Executive web site enabling a wider audience to access the paper and submit their responses¹. Copies of all the responses received to consultation exercises (except those where the individual or organisation requested confidentiality) are placed in the Scottish Executive library at Saughton House, Edinburgh (K Spur, Saughton House, Broomhouse Drive, Edinburgh, EH11 3XD, telephone 0131 244 4552).

The views and suggestions detailed in consultation responses are analysed and used as part of the decision making process. Depending on the nature of the consultation exercise the responses received may:

- indicate the need for policy development or review
- inform the development of a particular policy
- help decisions to be made between alternative policy proposals
- be used to finalise legislation before it is implemented.

Access To Consultation Responses

We will make all responses available to the public in the Scottish Executive Library 21 days after the closing date of the consultation, unless confidentiality is requested. All responses not marked confidential will be checked for any potentially defamatory material before being logged in the library or placed on the website.

SEconsult – Your Guide To SE Consultation Activity

The Scottish Executive now has an email alert system for [SE consultations](#) ([SEconsult](#)). This system allows stakeholder individuals and organisations to register and receive a weekly email containing details of all new [SE consultations](#) (including web links). [SEconsult](#) complements, but in no way replaces SE distribution lists, and is designed to allow stakeholders to keep up to date with all [SE consultations](#) activity, and therefore be alerted at the earliest opportunity to those of most interest. We would encourage you to register.

¹ <http://www.scotland.gov.uk/consultations>

PART D

LIST OF CONSULTEES

All Scottish MSPs
All Scottish MPs
All Scottish Lords
All Scottish MEPs
Political Parties
Scottish Parliament

Local Authorities

Crofters Commission
Scottish Crofting Foundation
NFU Scotland
Scottish Rural Property and Business Association
RICS Scotland
Scottish Estates Business Group
SCVO
COSLA
Equal Opportunities Commission
Commission for Racial Equality
Disability Rights Campaign
Legal Deposit Libraries
NDPBs

All crofters, landowners, advisers, land agents property consultants and other interested parties* who responded to the consultation by the Crofters Commission on their proposals for a new Crofting Development Programme.

* A range of individuals in this last group were sent the consultation paper as they appeared on recent relevant distributions lists.

2005 No.**CROFTERS, COTTARS AND SMALL LANDHOLDERS****The Crofting Counties Agricultural Grants Consolidation (Scotland)
Scheme 2005**

<i>Made</i> - - - -	2005
<i>Laid before the Scottish Parliament</i>	2005
<i>Coming into force</i> - -	2005

The Scottish Ministers, in exercise of the powers conferred by sections 42(1)(2) and (3) and 46(4) of the Crofters (Scotland) Act 1993⁽²⁾ and of all other powers enabling them in that behalf, and after consultation with the Crofters Commission in accordance with section 42(1) of that Act, hereby make the following Scheme:

PART 1
INTRODUCTORY

Citation and commencement

1. This Scheme may be cited as the Crofting Counties Agricultural Grants Consolidation (Scotland) Scheme 2005 and shall come into force on 2005.

Interpretation

2. In this Scheme—

“the Act of 1993” means the Crofters (Scotland) Act 1993;

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

“crofter” includes any grazings committee or grazings constable appointed under section 47 of the Act of 1993 and in the application of this Scheme to a grazings committee or a grazings constable any reference to a croft shall be construed as a reference to the common grazings for the management of which the committee or, as the case may be, the grazings constable is responsible;

“eligible occupier” means—

- (a) the occupier of a croft who is also the owner thereof and who in the opinion of the Scottish Ministers is of substantially the same economic status as a crofter;

(a) 1993 c.44. The functions of the Secretary of State transferred to the Scottish Ministers by virtue of section 53 of the Scotland Act 1998 (c.46). The requirement to obtain the approval of the Treasury was removed by section 55 of that Act.

ANNEX A

- (b) the occupier of a holding, other than a croft, situated in the crofting counties which is either a holding of which the area does not exceed 30 hectares (exclusive of any common pasture or grazing held therewith) or a holding the annual rent of which, if it were a croft let to a crofter under the Act of 1993, would not, in the opinion of the Scottish Ministers, exceed £100, being an occupier who in the opinion of the Scottish Ministers is of substantially the same economic status as a crofter; or
- (c) the occupier of a holding, other than a croft, situated in the crofting counties which exceeds 30 hectares (exclusive of any common pasture or grazing held therewith) and of which the annual rent, if it were a croft so let, would in the opinion of the Scottish Ministers not be substantially larger than 30 hectares (exclusive of any common pasture or grazing held therewith) or is capable of being so let at an annual rent not substantially in excess of £100, being an occupier who in the opinion of the Scottish Ministers is of substantially the same economic status as a crofter; or
- (d) the sub-tenant of a croft or part of a croft occupying under a sub-lease granted by a crofter with the written consent of the Crofters Commission under section 27(2) of the Act of 1993 and in accordance with any conditions imposed by it under section 27(5) of that Act;

“Less Favoured Area” means the land shown coloured in blue or in pink on the designated maps—

- (a) which is situated in an area included in the list of less favoured farming areas adopted by Council Directive 84/169/EEC concerning the Community list of less-favoured farming areas⁽³⁾ within the meaning of Directive 75/268/EEC (United Kingdom)⁽⁴⁾; and
- (b) which is, in the opinion of the Scottish Ministers, inherently suitable for extensive livestock production but not for the production of crops in quantity materially greater than that necessary to feed such livestock as are capable of being maintained on such land, and whose agricultural production is, in the opinion of the Scottish Ministers, restricted in its range by, or any combination of, soil, relief, aspect or climate;

“livestock” includes any creature kept for the production of food, wool, skins, or fur or for the purpose of its use in the farming of land;

“operation” means any of the operations specified in the Schedule to this Scheme.

PART 2

GRANTS IN RESPECT OF OPERATIONS

Grants to be made

3.—(1) Subject to the provisions of this Scheme, the Scottish Ministers may make a grant under this Part of this Scheme to a crofter or eligible occupier towards the approved cost of any project or part of a project of a kind specified in the Schedule to this Scheme (except where the purpose of a project is to replace an existing asset which is no longer viable) carried out for the purpose of aiding and developing agricultural production for one of the following purposes:—

- (a) to reduce production costs;
- (b) to improve and redeploy production;
- (c) to increase quality;
- (d) to preserve and improve the natural environment, hygiene conditions and animal welfare standards;
- (e) to promote the diversification of agricultural activities

in the case of a crofter or on behalf of a crofter, on the croft and, in the case of an eligible occupier, on the croft or holding or part of a croft, as the case may be, occupied by that eligible occupier.

(2) The Scottish Ministers may set budgets in each financial year for the amount of grant payable—

- (a) nationally;
- (b) for specific areas as determined by the Scottish Ministers;
- (c) for specific activities as defined by the Scottish Ministers.

(a) Official Journal of the European Communities No. L 82/67.
(b) Official Journal of the European Communities No. L 128/1.

(3) The Scottish Ministers may refuse an application for grant solely on the grounds that to approve that application would breach the amount of the budget nationally or for the specific area or activity as referred to in paragraph (2).

(4) For the purpose of this paragraph, “approved cost” shall mean the cost approved for the purposes of a grant under this Part of this Scheme and comprising the aggregate of—

- (a) the expenditure reasonably incurred by the application in respect of materials required for the purpose of carrying out the relevant operation; and
- (b) such sum as the Scottish Ministers may deem it reasonable to allow in respect of the labour necessary for that purpose.

Application for and conditions of grant

4.—(1) Any application by a crofter or eligible occupier for approval of the cost of any such operation for the purpose of obtaining a grant shall be applied for by the crofter, and approved by the Scottish Ministers prior to incurring costs, or to the commencement of any work, on the operation.

(2) The Scottish Ministers may, as they think fit, either refuse to approve the cost of any operation or approve it in whole or in part for the purposes of a grant under this Part of this Scheme, and any such approval may be given and any such grant may be made, subject to such conditions as the Scottish Ministers think fit.

(3) Any approval of approved cost as specified in paragraph 3(4) of this Scheme for the purposes of a grant under this Part of this Scheme may be varied or withdrawn by the Scottish Ministers with the written consent of the applicant.

(4) The Scottish Ministers may specify in approvals for applications referred to in paragraph 4(1) the date on which work may start on the operation, the date on which the first payment of grant shall be paid and the date on which the final payment shall be made.

Claims

5. The applicant shall make a claim for the grant in such form as the Scottish Ministers may direct and shall afford to the Scottish Ministers or their duly authorised officer all such facilities as are reasonably necessary to enable the Scottish Ministers to satisfy themselves that any conditions subject to which approval was given have been complied with.

Restrictions on payment of grant

6.—(1) Subject to the provisions of paragraph 6(3) the amount of grant paid, payable or approved by the Scottish Ministers under paragraph 4(1) of this Scheme whether for an operation or part of an operation in any two year period to—

- (a) an eligible occupier, or a crofter shall not exceed £50,000; or
- (b) to grazing committees or to groups approved by the Scottish Ministers consisting of crofters and eligible occupiers or any of these shall not exceed £125,000.

(2) The two year period referred to in paragraph 6(1) shall run from a date two years before the date on which the current application for grant was received by the Scottish Ministers.

(3) Where the grant referred to in paragraph 6(1) is for part of a project and the maximum amount of grant has been paid, no further grant will be payable for the same project.

Amount of grant

7.—(1) The amount of grant payable under this Part of this Scheme towards the approved cost of any operation specified in paragraph 1 of the Schedule in a Less Favoured Area shall be 50% of the approved cost of that operation up to the total amount of grant specified in paragraph 6(1) and in all other areas shall be 40% of the approved cost of that operation up to the total amount of grant specified in paragraph 6(1).

(2) If the Scottish Ministers are satisfied that any condition subject to which a grant under this Part of this Scheme may be made has not been complied with in carrying out the relevant operation, they may, notwithstanding paragraph 7(1), either withhold payment of the grant or make payment of a grant of such amount as they may in all the circumstances in the case consider reasonable.

PART 3

GRANTS IN RESPECT OF CONTRIBUTIONS

Grants to be made

8. Subject to the provisions of this Scheme, the Scottish Ministers may make a grant under this Part of this Scheme to a crofter or eligible occupier in respect of any contribution made by him under any such agreement as is referred to in section 47 of the Roads (Scotland) Act 1984⁽⁵⁾ towards the expenses of the provision of a cattle-grid for the purpose of aiding and developing agricultural production, in the case of a crofter, on his croft and, in the case of an eligible occupier, on the croft or holding or part of a croft, as the case may be, in respect of which he is the eligible occupier.

Application for and conditions of grant

9.—(1) Any application by a crofter or eligible occupier for a grant under this Part of this Scheme shall be made in such form and manner and at such time as the Scottish Ministers may from time to time require and the applicant shall furnish all such particulars and information relating to the cattle-grid provided or proposed to be provided as the Scottish Ministers may require.

(2) Any grant which may be made under this Part of this Scheme shall be subject to such conditions as may be intimated in writing to the applicant by the Scottish Ministers at the time of the making of the grant.

Amount of grant

10. Subject to the provisions of this Scheme, and to the provisions of paragraph 6, the amount of any grant payable under this Part of this Scheme shall not exceed a sum equal to 40% of the contribution or 50% of the contribution within the less favoured areas in respect of which it is to be made.

PART 4

GENERAL

Crofters Commission to be agents

11.—(1) The Scottish Ministers hereby appoint the Crofters Commission to be their agent for the purpose of the administration of any grant applied for or made under this Scheme: provided that nothing in this sub-paragraph shall be construed as enabling the Crofters Commission to make payment of any grant under this Scheme.

(2) In carrying out its function as agent of the Scottish Ministers under this Scheme, the Crofters Commission shall have the like powers, rights and duties as are conferred upon it by the Scottish Ministers.

Payment of grant in instalments

12. The Scottish Ministers may, at the request of the applicant, make payment of any grant under this Scheme in instalments, which instalments may be paid in such amounts, at such times, either during or after the carrying out of the relevant operation or work, and subject to such conditions as the Scottish Ministers may specify.

Recovery of grant, etc.

13.—(1) Where, after the date upon which any grant, or any instalment of grant, has been paid under this Scheme, the Scottish Ministers are satisfied that the applicant has not complied, or is not complying, with a condition imposed on the applicant—

- (a) under paragraph 4(2) of, or paragraph 3 of the Schedule to this Scheme, in relation to the approval of the cost of an operation;
- (b) under paragraph 4(1) or paragraph 9(2) of, or paragraph 3 of the Schedule to this Scheme, in relation to grant, or
- (c) under paragraph 12 of this Scheme in relation to an instalment of grant,

(a) 1984 c.54.

they may recover from the applicant the amount of the grant or of the instalment of the grant, as the case may be, or such part thereof as they may in all the circumstances consider reasonable in like manner as if it were a debt due by the applicant to them.

(2) Where the powers of recovery by the Scottish Ministers specified in paragraph (1) of the Scheme are exercised, where in the view of the Scottish Ministers, the conduct of the applicant was reckless or was carried out with the intention of avoiding the provision of that paragraph, the Scottish Ministers may also require the applicant to pay to the Scottish Ministers an additional sum equal to no more than 10% of the grant paid to the applicant.

(3) The Scottish Ministers may terminate an award of grant under paragraph 8 of this Scheme and if they do so, they may also prohibit the applicant from entering into any new grant application for such period from the date of termination as the Scottish Ministers may specify.

(4) The powers conferred on the Scottish Ministers by paragraphs (2), (3) and (4) shall be exercisable by a notice served on the applicant by post at his last known address and in paragraph (3), “specify” means specify in such notice.

(5) (a) Where the Scottish Ministers exercise the power to recover conferred by this paragraph of this Scheme they may also recover on demand interest on the sum to be recovered at a rate of interest one per centum above the sterling three month London interbank offered rate on a day to day basis from the date of payment until the date of recovery.

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

Revocation

14. The Crofting Counties Agricultural Grants (Scotland) Scheme 1988, the Crofting Counties Agricultural Grants (Scotland) Amendment Scheme 1992 and the Crofting Counties Agricultural Grants (Scotland) Amendment Scheme 1994 are hereby revoked.

Transitional Provisions

15. Notwithstanding the revocation of the Schemes referred to in paragraph 14 of this Scheme, any application made before for payment of grant under those Schemes shall be administered under those Schemes and grant shall be paid under those Schemes.

A member of the Scottish Executive

St Andrew's House,
Edinburgh
2005

SCHEDULE

Paragraphs 3(1) and 13

ELIGIBLE OPERATIONS

16. Subject to the provisions of this Schedule and of paragraph 7 of this Scheme, the approved cost of any operation specified in the following list is an operation under this Scheme:–

1. erection or improvement of agricultural buildings;
2. works associated with agricultural buildings, including yards, hard standings, dungsteads and slurry stores;
3. restoration of derelict land (excluding heathland and moorland) by regeneration, re-seeding, laying down to permanent pasture, bracken control or reconditioning;
4. formation or improvement of access tracks to land improvement areas;
5. field drainage including under drainage, hill drainage and ditching;
6. arterial drainage;
7. provision or improvement of silos (excluding grain silos);
8. erection or improvement of shelters for the temporary housing, sheltering and feeding of out-wintered livestock;
9. provision or improvement of facilities for the organised feeding of out-wintered livestock including permanently fixed troughs and feed barriers and associated concrete bases;
10. provision or improvement of equipment for the handling and treatment of livestock;
11. provision of fences, hedges, walls, gates or cattle-grids;
12. planting of shelter belts;
13. provision or improvement of water supplies;
14. provision or improvement of a mains electricity connection or supply;
15. supply and installation of an electricity generator;
16. provision of a gas supply;
17. provision of electrical equipment;
18. provision or improvement of roads, bridges, culverts or boat slips.

17. The amount of any grant payable under this Scheme towards the approved cost of carrying out any operation which is incidental to the carrying out of an operation of any kind specified in this Schedule or necessary or proper in the carrying out of that operation or for securing the full benefit thereof shall be calculated at the rate of grant appropriate to that in accordance with the provisions of this Schedule.

18. In such cases and subject to such conditions as the Scottish Ministers may from time to time determine, the amount of any cost towards which grant is payable under this Scheme shall, if the applicant so elects, be taken for the purpose of determining the amount of the grant as such standard amount as the Scottish Ministers may from time to time decide.

EXPLANATORY NOTE

(This note is not part of the Order)

CROFTING COUNTIES AGRICULTURAL GRANTS (SCOTLAND) SCHEME (CCAGS)

CRITERIA & CONDITIONS

1. Introduction

The document explains what the Crofting Counties Agricultural Grants (Scotland) Scheme (CCAGS) is, and what you need to do to participate in the Scheme.

2. What is CCAGS ?

CCAGS is designed to provide assistance to crofting and eligible small/medium scale agricultural businesses operating in the Highlands and Islands of Scotland towards structural improvements which will meet at least one of the following criteria as set out in paragraph 4.1.1.1/ Article 4(3) of Regulation (EC) 1/2004:

- To reduce production costs
- To improve and redeploy production
- To increase quality
- To preserve and improve the natural environment, hygiene conditions and animal welfare standards
- To promote the diversification of farm activities

By developing these small/medium businesses, the principle objective of CCAGS is to sustain the economic basis and way of life of crofting communities and so help retain population in crofting areas.

The conditions of the Scheme require that the expenditure incurred must relate to works and facilities eligible under the aforesaid Regulation and set out in detail in Annex C, be of a capital nature and come within the prescribed limits of eligible expenditure.

3. Basic eligibility criteria for participation in CCAGS by agricultural businesses

For a business to be eligible for participation in the scheme it must be based on either (a) or (b) as set out below:

(a) Any holding registered as a croft or regulated common grazings in terms of the Crofters (Scotland) Act 1993;

(b) Any holding, other than a croft providing it is situated in the former crofting counties of Argyll, Caithness, Inverness, Orkney, Ross and Cromarty, Sutherland and Shetland; and

- either the area of the holding does not substantially exceed 30 hectares or
- The annual rent of the holding if it were a croft let to a crofter under the Crofters (Scotland) Acts 1993 would not substantially exceed £100.

In addition, the business must be occupied by either a tenant or sub-tenant of a registered croft, the Grazings Committee or Grazings Constable of a regulated common grazings, or the owner of a registered croft/ occupier of a holding other than a croft who is of substantially the same economic status as a croft tenant (A business can be operated by either an individual or a group of eligible participants). This economic status test will be carried out by the Crofters Commission and will be based on the averaged income of applicant(s) over the

3 most recent financial years compared to the average salary of a worker in the manufacturing industry.

4. Assistance provided under CCAGS

Note: All grants are discretionary. Grants will not be paid should you incur costs or start work before receiving written authority to do so.

A grant will only be available if you can demonstrate that the project satisfies at least one of the following criteria:

- To reduce production costs
- To improve and redeploy production
- To increase quality
- To preserve and improve the natural environment, hygiene conditions and animal welfare standards
- To promote the diversification of farm activities

In addition, aid will only be granted to eligible agricultural businesses which meet the following standards:

Hygiene and Animal Welfare (paragraph 4.1.1.4 of Article 4(5) of Regulation (EC) 1/2004)

It is a condition of grant that improvements carried out satisfy all Statutory requirements and observe the latest Codes of Practice (Animal Welfare, Food and Animal Hygiene), control of pollution (PEPFAA, Groundwater Directive), Transport (Welfare of Animals in Transit) and generally adhere to Good Farming Practices.

Skill and Competence (paragraph 4.1.1.3 of Article 4(5) of Regulation (EC) 1/2004)

The skill and competence of applicants will be assessed by comparing the quality of the operation undertaken against the Technical Specifications for that operation as set out in the Scheme Handbook, Guidance Leaflets and Standard Cost literature.

Market Outlets (paragraph 4.1.1.4 of Article 4(6) of Regulation (EC) 1/2004)

While no assistance is provided by CCAGS in the marketing of produce, it is a condition under the Scheme that proposals will be assisted only if it is clear that there are market outlets for produce generated by the proposed development. It remains open to SEERAD or the Crofters Commission to seek endorsement from relevant market outlets.

5. Application Process

In order to be considered for a grant you will need to complete an application form. Application forms are available from your local SEERAD office, the Crofters Commission, Inverness, or electronically from the Crofters Commission's web-site www.crofterscommission.org.uk.

The grant application must be submitted to your local SEERAD office who will carry out an assessment of your application to determine the following:

- The **need** for the project for which grant aid is sought
- The **viability** of the business and the project

- The **all round sustainability** of the project and the farm business including the existence of normal market outlets for the product(s) concerned.
- That the applicant complies with the specified **statutory minimum standards** regarding the environment, hygiene and animal welfare (this may need to be externally verified).
- That the applicant possesses adequate occupational **skill and competence**

N.B. The investment must not be solely for the purpose of increasing production capacity (20% max allowed). Investments which simply replace an existing asset with the same type of asset will not be eligible.

If you are **successful**

you will receive an offer letter and a claim form from your local SEERAD office. Your offer letter will state what grant you will receive and any special conditions attached to it. You will normally be expected to complete the work within 12 months of the date of offer. **Applications for grant aid must be approved before costs are incurred and/or the work started.**

If you are **unsuccessful** -

you will receive a letter explaining why from your local SEERAD office. You can appeal against the decision. If you want to do so, you should write to the Crofters Commission, Development Division, Castle Wynd, Inverness, IV2 3EQ within 21 working days.

6. Claim Process

Approvals, regulations and notifications must be complied with **before grant is claimed**. These may include: Planning Permission; Building Regulations, National Park requirements, Fire Certificate, Health and Safety, Food Hygiene, SSSI, AONB, National Nature Reserve, Ancient Monument, Listed Buildings, Public Rights of Way, Felling Licence/Tree Preservation Orders, Conservation Areas, ESA, Rural Stewardship Scheme, SEPA regulations, etc.

NOTE: This list is not exhaustive and it is the applicant's responsibility to ensure all relevant regulations are complied with.

The grant claim must be fully completed and submitted to your local SEERAD office who will carry out an assessment to determine that it meets the following conditions:

- eligible costs are incurred by the legal occupier of the business applying for assistance;
- grant claimed does not exceed the amount set out in the offer letter;
- claims made on an actual cost basis are accompanied by original receipted invoices;
- claims made on a standard cost basis are at the rates set for the scheme. Where there is not a standard cost rate available for labour costs, the appropriate assessed value as detailed in the offer should be claimed;
- claims are made on the net cost of work excluding discounts and VAT (unless the business is not VAT registered, in which case the VAT inclusive cost can be considered).

On satisfactory completion of the works, we will issue a grant payment providing all the conditions of the Scheme have been met.

Where work fails to meet the required standards, you will be notified in writing and will be allowed 28 days to complete any remedial work and re-submit your claim.

7. Following Receipt of Grant

After grant payment is made, a proportion of developments will continue to be monitored. You will need to make your grant funded assets available for inspection by SEERAD or Crofters Commission staff, if requested.

8. Recovery of Grant

All items purchased or constructed with the assistance of grant aid must remain in use for the purpose for which the grant was approved which is normally 10 years (or for their useful life if this is less than 10 years and correct maintenance has been carried out). Where an item is taken outwith agricultural purposes, you will be required to repay the monies on a level scale depreciation basis, calculated over the anticipated lifetime of the investment.

Where a grant recipient disposes of assets that have been the subject of a grant within 5 years of receipt of that grant, we would normally expect you to repay the whole amount of grant. However, if the asset were to remain in use for the purpose set out in the grant award, this recovery could be waived in whole or in part.

IMPORTANT:

Where it is discovered that any condition has been breached there will be discretion to recover all or part of the grant. Where it is established that any information provided in support of the claim is materially false or misleading, this will result in the refusal of assistance or the recovery of all grant paid, and may result in legal proceedings.

9. Good practice

Grant recipients may be asked to share examples of good practice with other crofters and eligible occupiers considering similar projects.

10. Eligible Items

Grants will be available for investments carried out on crofts, common grazings and eligible holdings which come under the following categories of eligible investment as set out at Article 4 (4) of EC Regulation 1/2004:

- (a) the construction, acquisition or improvement of immovable property;
- (b) the purchase of new machinery and equipment;
- (c) general costs such as architects, engineers and consultation fees up to 12% of the expenditure referred to at (a) and (b).

A list of eligible operations is attached at Annex C.

11. Grant Size and Ceilings

The rates of grant will be set at 50% of approved costs in less favoured areas, reduced to 40% of approved costs in other regions. For clarification on current designations please contact your local Scottish Executive Environment and Rural Affairs Department office.

The maximum grant earned in any 2-year period will not exceed £50,000 per individual business. The maximum grant payable per grazings committee (or eligible group) will be limited to £125,000 in any 2-year period.

12. Scheme Budget

The Scheme has a fixed budget of £3.2 million but specific budgets may be set for particular areas or types of eligible operations and approvals will be issued on a first come, first served basis until in each case commitments match the budget provision. Any applications made after that point has been reached may be refused and if that happens the applicants will be given the opportunity to re-apply in a subsequent year.

13. Specific Restrictions

Specific restrictions on grants for facilities concerned with the keeping of dairy cows, pigs and poultry are set out in Annex C. In these cases you should discuss the proposals with the local Department office before proceeding with the detailed design of the facilities

14. Scheme Timetable

The scheme will be open to new applications from 1 September 2005 and, subject to re-notification for state aid purposes, will continue until the Crofters Commission has statutory power to run its own crofting support scheme or failing that until 31 March 2008.

ITEMS ELIGIBLE FOR GRANT

Grants will be available for investments carried out on eligible holdings, which meet the scheme criteria and conditions.

1. Eligible expenses under CCAGS grant are:

- The construction, acquisition or improvement of immoveable property.
- The purchase or lease purchase of new machinery or equipment may be included.
- Investment in land management operations by eligible businesses.

2. Examples of developments which could attract grant aid include:

- Physical improvements to farm infrastructure that will increase technical efficiency, bio-security, hygiene or animal welfare
- Installation of farm waste management equipment.
- Implementation of nutrient budgeting schemes
- Installation of facilities which will enable entry to Farm Quality Assurance Schemes and Environmental schemes
- Investments to bring about compliance with newly introduced minimum standards regarding the environment, hygiene and animal welfare

3. Specific requirements for Agricultural buildings

Investment relating to the construction of permanent buildings for agricultural livestock including all the usual buildings for keeping livestock and storing crops produced on the unit is eligible. Buildings for general service purposes and buildings for other kinds of livestock kept for the production of meat, milk, wool, fur or hides, buildings associated with honey production and stabling for keeping work horses can also be supported. The provision of roofed and unroofed silos (excluding grain silos), provision of facilities for sheltering and/or feeding of out-wintered livestock, works associated with agricultural buildings including: yards; hard standings, dungsteads and slurry stores are eligible. Stores for all grain to be used on the holding are eligible e.g. propcorn, wet grain or distiller's grain.

All improvements must be durable and not flimsy or makeshift. Buildings must comply with British Standards where these are appropriate, and assuming normal use and maintenance continue to benefit the agricultural business for a minimum of 10 years. Plastic clad structures for horticulture or livestock are eligible providing the structure satisfies the structural requirements for the particular site. The plastic cladding to the frame is not normally eligible for assistance but the structure must satisfy all other aspects such as welfare, ventilation, escape etc.

Ancillary works such as demolition works, pen divisions, feed barriers, water supplies including storage cistern, trough, bowl, nipple drinkers etc. Electrical wiring to light points, switches, sockets and starter switches etc. The provision of rainwater disposal system to the building, aprons, screen walling, amenity planting and penning where necessary

4. Specific requirements for slurry stores and related equipment

Investments relating to items constructed post 1 September 1991 are covered by the Control of Pollution (Silage, Slurry and Agricultural Fuel Oil) Regulations 1991 and will be deemed to meet the minimum standards. Investments to bring items in line with the 1991 Regulations will not be eligible for funding because the grant can only be used to fund items necessary to

comply with recently introduced regulatory or statutory requirements. Where the facilities are being improved from the minimum standards to above the minimum standards, then grant aid may be considered.

If there is a change to the farming system e.g. from straw bedding to cubicles, the investment could be considered for grant aid.

Low volume umbilical slurry irrigation systems: Fixed equipment such as pumps and pipes are eligible for grant, but associated mobile elements such as hoses, reelers and applicators are considered to be routine agricultural machinery items for the disposal of slurry and as such are not eligible.

Earth bank silage pits and earth bank slurry lagoons could, in theory, be grant aided provided they meet all necessary regulations and codes of good agricultural practice. However, in practice, it is almost impossible to construct either structure to a standard that would be acceptable to SEPA. Where earth bank structures are proposed, guidance must be sought from SEPA.

Advice on silage and slurry storage facilities may be obtained from SEPA.

5. Specific requirements for investment in milk, pigs and poultry

Limitations will be applied on assistance given per business for dairy, pig and poultry production, consistent with the scale of crofting activities.

Dairy production - no assistance will be given for work, which will result in any milk quota being exceeded. Facilities for all classes of replacement dairy stock from calves to calving heifers are exempt from this rule.

Fattening/breeding of pigs - Assistance is limited to work related to the provision or upgrading of a maximum of 300 fattening pig places in one business. A business must have sufficient cereal cropping land to produce 35% of its pig feedstuff requirements, even if it does not actually produce the feedstuff. Assistance should not be given to non-land based intensive pig fattening units.

Poultry and egg production - poultry includes all domestic fowl, turkeys, ducks, geese, game birds etc for the production of meat or eggs. Assistance may be given only where the number of birds does not exceed 1,000. If the number of birds exceeds 1,000 no assistance at all should be given.

6. Specific requirements for services (electricity, water, gas, communications)

These are covered under CCAGS, where a supply is required as part of a new development then as long as it is agriculturally justified the necessary expenditure can be grant aided. In cases where a mains supply is required as a standalone item (to service only existing activities), it must be agriculturally justified to be eligible for grant. **Supplies for domestic use are NOT eligible.**

7. Specific requirements for access roads, bridges and culverts

These are eligible as long as all Scheme eligibility criteria are met. This would include Planning and also a clear agriculture justification to demonstrate that the investment would provide a return to the business. Roads can be expensive to construct and it may be difficult to justify the capital cost. Associated bridges and culverts should be designed and constructed to suit the needs of the agricultural business, in accordance with good civil

engineering practice. Boat slips that are required to improve the welfare and handling stock may be eligible.

8. Specific requirements for investment in ditching and field drainage systems

To help prevent soil degradation, grant assistance is available for the excavation of new ditches and regrading of existing ditches. Installation of new pipe or tile under drainage systems on previously improved, enclosed land and the improvement or intensification of existing pipe or tile under-drainage systems is eligible for assistance. The installation of suitable permeable backfill above the new drains to improve the permeability of the drain trench is also eligible. The cost benefit criteria will be taken into account in relation to the quantity of infill used. In cases of doubt you should consult your local SEERAD office.

Ancillary works including subsoiling, mole drainage, provision of gravel-filled mole channels or gravel-filled narrow trenches where the work is an integral part of installing a new under-drainage system and provided also that permeable infill is placed above the new pipe drains to act as a connection to the soil treatment works. The provision of any ancillary structures required for effective land drainage, including drain outlets, inspection chambers, silt traps and inlet grids, and drainage pumps, culverts and simple access bridges. High-pressure water jetting to remove ochre in certain circumstances when carried out in association with the installation of a new under-drainage system can be assisted.

Arterial Drainage and River Works can be considered including widening, deepening, regrading or realignment of the channels of rivers, streams, canals and ditches which are outlets for drainage water from at least 100 hectares of land or equivalent outflows. The provision of new open or piped channels that will serve at least 100 hectares of land or equivalent outflows. The provision, restoration, strengthening, heightening or realignment of flood protection works. The protection of riverbanks and flood defence works against erosion. The provision, replacement, improvement or reinstatement of culverts, conduits, outfalls and flap valves rendered necessary by and associated with eligible arterial drainage works. Consultation with SNH and SEPA must be carried out prior to any works commencing.

Works ineligible for Grant include maintenance work and routine replacements of all descriptions including the pitting and rodding of drains, jetting and the repair of pipes, culverts or other associated structures; Mole drainage, subsoiling, gravel-filled mole drainage or gravel-filled narrow trenches not associated with a new under-drainage system or associated with a new under-drainage system installed without permeable infill; Repeat subsoiling, moling, gravel-filled moling or gravel slotting; Piping and filling ditches for land reclamation.

The cost of any necessary field exploration may be eligible for grant as part of an acceptable scheme, but will not exceed 12% of the cost of the approved project.

It is your responsibility to consult and obtain any necessary wayleaves or other permissions that are required and to comply with any statutory requirements, which may apply to the proposed works. Providing it is for the benefit of your agricultural business, work under this item may be eligible even if it is to be carried out on land outwith the business.

All claims for grant on field drainage, including ditching, must be accompanied by a plan - drawn to scale - of the completed work. Plans should be of a suitable scale, preferably 1:2500. Drain layout must be plotted accurately showing the size and length of each drain laid and the exact position of junction boxes, inspection chambers etc. The cost of providing the plan is eligible for grant. You may be required to expose short sections of the work at your own expense to allow inspection of the work.

9. Specific requirements for cattle crushes

This could be eligible providing it is fixed (bolted) in one location and preferably is an integral part of a new handling system (but can also be part of an existing handling system).

10. Specific requirements for mill and mix machinery

This is eligible providing it is genuinely an item of fixed equipment i.e. specifically for bolting to the floor and has no facility for any mobile use whether on croft or not.

11. Specific requirements for mobile equipment

Mobile equipment is not generally eligible; exceptions are where the equipment is essential and integral to the project: i.e. the project could not go ahead without this equipment; the project could not function or operate properly without this equipment. The item must not be the only item being funded, i.e. the project cannot revolve around just a single item of expenditure. It must contribute to a wider project aim. The equipment should provide value over the economic life of the project – a minimum of 5 years.

ADDITIONAL CONDITIONS – mobile equipment:

- The serial numbers of any equipment must be retained along with any documentation relating to its use.
- The applicant must retain a register of all equipment.
- The equipment must be available for inspection.
- The applicant must advise if there is intended change to the stated use of the equipment.

12. Specific requirements for mobile sheep handling facilities

The purchase of a set of pens that can be dismantled and re-erected would not constitute sufficient justification for grant; but in a situation where a mobile system is clearly required on a unit with parcels of land at a distance from one another they could be considered. Such a system could reduce movements of sheep with associated benefits to animal welfare. Inclusion of such a system in an application would have to be supported by a justification that clearly shows the benefits of a mobile system over and above a fixed location system on a unit that can justify the capital investment. In the majority of cases, the pens should not be the only item being funded; they should contribute towards more wide ranging improvements to the system of husbandry as a whole.

All investments that include mobile equipment will be considered on a case by case basis. The case for a mobile handling system would be strengthened if the applicant is able to identify fixed suitable locations for use.

In addition to the above, mobile handling systems must be able to demonstrate one or more of the following:

- animal welfare/environmental benefits (e.g. reduced movements of sheep)
- better efficiency of production (e.g. lambs can be drawn for slaughter more frequently leading to premium weights and grades being more regularly achieved).

13. Specific requirements for IT equipment

Stand alone information technology equipment and related software is considered to be mobile equipment and thus paragraph 11 above applies. Provision of specialist

software to improve agricultural business effectiveness may be eligible where hardware is already present on the croft. This could apply to software specifically required for managing aspects of the croft, which meet CCAGS objectives (i.e. improving efficient use of costs of production, benefiting animal welfare/hygiene, statutory record keeping etc).

Additional Criteria:

- **Competency of use:** This could be in the form of the claimant either holding a recognised IT qualification or being willing to undertake training as part of the grants package.
- **A minimum level of agricultural activity:** Applicants will have to demonstrate an agricultural need for the equipment, and have at least 20 breeding cows. We would normally restrict approvals of this type of operation to Grazings Committees and other eligible groups.

Computerised components of equipment that are integral to an approved CCAGS project will qualify for grant assistance e.g. ventilation systems in livestock housing.

14. Specific requirements for second hand equipment

EU regulations specify that the purchase of second-hand equipment may be regarded as eligible expenditure when the following 4 conditions are met simultaneously:-

- 1) a declaration by the seller of the equipment confirms its exact origin and the equipment has not already been the subject of national or Community assistance,
- 2) the purchase of the equipment represents a particular advantage for the project or is made necessary by exceptional circumstances (e.g. if no new equipment is available on time, thus threatening the execution of the whole project),
- 3) reduction of the costs involved as compared with the cost of the same equipment purchased new, while maintaining a good costs benefit ratio,
- 4) the equipment acquired must have the necessary technical and/or technological characteristics consistent with the requirements of the project.

The application should contain the necessary documentation to show that these requirements have been complied with.

15. Specific requirements for fencing, dykes, hedges, gates and shelterbelts

Fencing may be eligible for grant where it forms an essential part of a project, contributes to animal welfare, bio-security, crop protection, traditional field boundaries. Only the most cost effective appropriate type of fencing will be eligible.

However, any fencing on a stand-alone basis would not be eligible nor would one merely to replace an existing fence.

The establishment of an effective hedge or shelterbelt for the protection of livestock or crops; essential ancillaries such as protective fencing and ditching; and windbreaks for horticultural business is eligible. Ineligible items include commercial forestry and amenity planting.

Shelterbelts and hedges must be designed to fulfil the required agricultural purpose.

For wall or dyke improvements including flag fencing, recognisable sections of not less than 5 metres in length must be substantially rebuilt. The existing materials or additional materials from old walls may be used in the restoration work. Substantial rebuilding may include setting the upper courses and copingstones of dry stone dykes in cement mortar. Comprehensive pointing of a dry stone wall or dyke for the first time or comprehensive re-pointing operations are only acceptable where this is common practice in the area, keeping in mind the amenity consideration. Piecemeal re-pointing or minor repairs are not eligible.

Stock Grids on croft or township roads; contributions paid to highway authorities towards the capital cost of grids under a formal agreement made in terms of section 47 of the Roads (Scotland) Act 1984 are also eligible; major reconstruction works to improve an existing grid and associated gates, fencing and by pass. Ineligible items include minor repair work to the grid, its approaches, gates and fencing; works on a grid which are the responsibility of the Highway Authority.

The Commission will apply strictly the Agricultural Justification tests to applications for stock grids. If the installation of a grid is the most realistic way of serving the agricultural purpose, it may be eligible for grant.

16. Specific requirements for investment in land management

Grant is available for the initial grassland improvement works for the restoration of degraded land, which are intended to bring about distinct and durable improvement in the quality of permanent pasture. Before approving applications, checks will be carried out to ensure that the investment is justified on both agricultural and cost-benefit criteria. The necessary works which may include ploughing, cultivation, herbicide sprays, suitable grass seed mixtures and appropriate amounts of lime and fertilisers as required to create a new sward. Application of fertiliser must be determined by implementation of nutrient budgeting schemes to prevent over application of nutrients. Soil analysis is eligible for grant aid.

Control of bracken can be carried out by approved chemical means. Appropriate follow-up action to prevent bracken re-colonisation is an essential element of any bracken control programme. Applicants will therefore have to demonstrate that appropriate follow-up action will take place in order to qualify for assistance. Failure to implement agreed measures to encourage useful herbage species may result in recovery of grant.

Aerial spraying is only acceptable for grant aid where it can be shown to be the most cost effective and practical method of obtaining the required result.

To comply with conservation and amenity considerations crofters will have to provide evidence of consents from the following:

- SEPA at least 72 hours prior to aerial spraying if the application is to be made within 250 metres of any water;
- Local Water Authority (SEPA will now consult the local Water Authority on the applicant's behalf);
- SNH at least 72 hours prior to aerial spraying if the land to be treated lies on or within 1500 metres of a designated conservation site.

18. Purchase of production rights, animals, land or plants

The purchase of production rights, animals, land, plants (or the planting of plants) are not eligible investments.

CONSULTATION RESPONSE FORM

		YES	NO
Q1	<i>Is there any category of person currently entitled to assistance under the scheme who should not continue to be eligible for assistance?</i>		
<u>Comment</u>			
Q2	<i>Is there any category of person currently not entitled to assistance under the scheme who should become eligible for assistance?</i>		
<u>Comment</u>			
Q3	<i>Should assistance continue to be available to crofters and eligible occupiers in respect of land which is not part of a LFA graded unit?</i>		
<u>Comment</u>			
Q4	<i>Do you agree that power to set budgets and to refuse approval where a budget is liable to be breached is the best method of controlling funding when overall demand exceeds available resources?</i>		
<u>Comment</u>			
Q5	<i>Do you agree with the proposed new approach to expenditure limits and, if not, what alternative approach would you consider to be appropriate?</i>		
<u>Comment</u>			
<u>Other Comments</u>			

Note

This form is provided for the convenience of consultees. However, responses to the consultation will be accepted in any format and consultees are not required to use this form when commenting on the proposals set out in this consultation document.