



Agriculture and Fisheries Grant Scheme

Food Business Development Grants

Guidelines for Applicants

August 2016

Author	Revision Date	Summary of changes	Distribution	Distribution Date
J Harrison	23 rd June 2016	Initial draft	Strictly internal	
J Harrison	30 th June 2016	Revised draft for discussion	DEFA, DOI and MNFU	30/6/16
J Harrison	18 th June 2016	Version 2 for discussion	DEFA, Tynwald, Industry bodies	18/6/16
		Version 3 for discussion		
J Harrison	3 rd August 2016	Nothing - Final	Website	03/08/16

Policy adopted	
Agreed by Minister	
Date	

Contact Details
Field Delivery Team
Agriculture Directorate
Department of Environment, Food
& Agriculture
The Sleau Whallian
St Johns
IM4 3AS

Telephone: (01624) 685844
Email: Agriculture@gov.im

Contents

LEGAL DISCLAIMER	3
INTRODUCTION.....	3
WHO CAN APPLY?	3
THE APPLICATION PROCESS.....	4
RIGHT OF APPEAL.....	9
APPENDIX 1 – Grant rates	11
APPENDIX 2 – Example partial budget	14
APPENDIX 3 - Food business flow diagram.....	15

LEGAL DISCLAIMER

The information contained in these guidelines is intended to assist applicants in assessing their eligibility when completing an application for financial assistance. Completion of an application does not contractually bind the Department to grant assistance. The scheme is discretionary and any decision to provide assistance for a specific application will be based on its merits. The Department, in consultation with the industry, will undertake regular reviews of this guidance.

INTRODUCTION

Food business development section of the Agriculture and Fisheries Grant Scheme (AFGS) is a business development scheme for agricultural, horticultural and food businesses. The Scheme is open to the proprietors of eligible businesses, including sole traders, partnerships or bodies corporate.

The purpose of the Scheme is to support commercial businesses in making investments to improve the sustainability of the business.

These guidelines provide information on the Scheme for potential applicants and cover the types of business eligible for support, the range of improvements for which financial assistance is available and the rates of grant applying. Advice is also provided on the application and claim processes.

To provide discretionary support to encourage economic growth and diversification of the local economy specifically targeting primary food products and added-value processing of locally harvested foodstuffs. The AFGS provides a range of grants to eligible businesses (new and existing) to help achieve this purpose.

It is the applicant's responsibility to ensure forms are completed accurately and returned within the time specified.

Warning: if you deliberately or recklessly provide any inaccurate information on your application, you could render yourself liable to prosecution.

For further information on all aspects of the Scheme, please visit the following website:-

<https://www.gov.im/agandfishgrantscheme>

FOOD BUSINESS DEVELOPMENT GRANTS

WHO CAN APPLY?

Applications will be accepted from agricultural production businesses, horticultural production businesses, Fishery production businesses and registered food businesses:

- **Agricultural production business:** Agriculture is currently defined by GC 65/08 as the production, rearing or growing of agricultural products including harvesting, milking, breeding animals and keeping animals for farming purposes or maintaining land in good agricultural and environmental condition. These activities should represent the core business activity.

- **Horticultural production business:** Is defined as a commercial business involved in the primary growing of horticultural produce and its storage and preparation for market and occupies an area of at least two acres of land which has been used for the purposes of horticultural production for at least two years (areas under glasshouses may be multiplied by 20 for determining the size of the area). It must not be involved in selling by retail such that it forms a major part of the business, unless such business has an annual turnover lower than £100,000.
- **Recognised industry bodies:** For the purposes of AFGS, by the fact that Individuals, Partnerships, Companies and Limited Companies are registered with DEFA they will be considered to be recognised industry bodies.
- **A food business would be deemed eligible if the following conditions are met;**
 - Is registered as a food business establishment with the Department
 - Uses local primary produce
 - The business ethos is to promote and predominately/only use local primary produce where available
 - The products contain ingredients which are produced and available locally
 - The products produced contribute to import substitution, "distinctive local food and drink"
- **A food business would not be eligible if;**
 - They are not registered as a food business establishment
 - Does not use local produce
 - The business ethos does not promote local primary produce
 - The business does not use local primary produce where similar Isle of man businesses use local primary produce
 - The products do not contain ingredients that can be produced and available locally
 - The products do not contribute to import substitution "distinctive local food and drink"

All businesses must:

- be operated on a day to day basis by a competent individual who is permanently resident in the Island for Taxation purposes.

THE APPLICATION PROCESS

What can you apply for?

This depends on the nature of your business and the improvement. The rates of support can be found in Appendix 1.

The maximum grant available is £50,000 (per applicant/any 5 year period).

Applications will not be accepted for expenditure relating to;

- production/manufacture of food products off island;
- anything contrary to good business practice, animal welfare, environmental practice or that would appear to frustrate the policies or objectives of the Department.

The total proposed expenditure must be at least £500 or have a resulting grant payment of at least £200.

Application forms

The Application Form is available at <https://www.gov.im/agandfishgrantscheme>. Alternatively please contact the Department of Environment Food and Agriculture on +44 (0) 1624 685844 or by email agiculture@gov.im. Please read the Terms and Conditions thoroughly before submitting an application to the Department. Terms and Conditions are available from the website or from the Department. Send your completed application form and supporting documentation to: Agriculture Directorate, The Slieau Whallian, St. Johns, IM4 3AS

Completing application forms:

Applications for support toward total expenditure of over £2,000 must complete a partial budget appraisal for the investment an example of such can be found at Appendix 2; a proforma calculator is included within the application form. Applications for projects over £10,000 must be accompanied by a business case form and a marketing plan.

By signing the application form you are declaring your agreement to the full terms and conditions of the Scheme. (by AB or other reference number).

A list of received applications will be displayed at:
<https://www.gov.im/agandfishgrantscheme>.

Submitted costs and quotes

Applications will be approved against submitted costs/quotes where possible. Where an item of plant or equipment is greater than £1000 at least two quotes* must be supplied, **from businesses which in the opinion of the Department are genuinely separate**, which demonstrates the Actual Cost being applied for. Failure to do so will result in the application being rejected.

*Small value items, less than £1,000 in total cost, may be approved against a single quote, this acknowledges there may not be standard costs for some smaller items.

The amount of grant approved for payment will be based on the lowest quote and the grant paid will be based on this figure or the actual cost if this turns out to be a lower figure.

How applications will be assessed:

The Scheme may reserve the right to approve applications on the basis that they meet the assessment criteria as detailed at appendix 3. Multiple items on a single application form may be split into their logical component parts and assessed as such. The available budget will determine the number of applications approved.

How will I know if my application has been successful?

The Department will endeavour to notify applicants within twenty working days of receiving a fully completed application or twenty working days of the closure of the Scheme window as appropriate

- Successful applicants will receive an 'Approval Document' detailing the agreed timescale for support from the Department.
- Unsuccessful applicants will be informed of the reasons for that decision by letter. [Please see note 9 - 'Right of Appeal']. Rejected applications will not be held over for the following round - applicants must reapply.

Additional information you may be required to submit

If you would like to discuss what is on offer and how the Financial Assistance Scheme can help your business as part of your business plan, feel free to contact us before submitting an application. In order to apply, we require a completed [application form](#) signed by a director or principal on behalf of the business. The form will ask you to list the expenditure for which grant assistance is being sought.

Grant assistance cannot be considered retrospectively for items of expenditure which have already been purchased.

For applications over £2k of total expenditure a short business plan will be required. Where applications exceed £15k of total expenditure some or all of the following may be required:

- Background and current/proposed location of the company
- CV's and relevant experience of the management team
- Company details: date of registration, shareholders (to include percentages of shares owned), directors, beneficial owners etc. and links to other businesses
- The business model, long and short term objectives. Key customers and confirmed orders
- Staff structure including numbers of employees, types of jobs, wage rates
- Information on premises – owned, leased, rented and area. If rented or leased, details of landowners and annual costs
- Marketing plan: specifically, whether customers are off-island or on-island
- Financial information: copies of the audited accounts for the last 3 years (if applicable), forward financial forecasts for the next 3 years, including profit and loss together with narrative of explanation. Cash flow forecasts for 3 years to be supplied if assistance requested is over £100,000 and assumptions used
- List of all items of expenditure on which assistance is being requested together with cost (net of VAT) and a narrative of explanation
- Application Summary that links the business plan, financial statements, marketing plan and application together to show clearly 'at a glance' how the potential assistance will benefit the business and the Island
- Any other material fact that could have an adverse impact on the business

Please note:

(i) Neither a preliminary discussion nor presentation should be considered a substitute for a properly supported application;

Terms and conditions

Once a formal approval has been received the applicant must sign and return the terms and conditions to the DEFA. This offer of financial assistance must be accepted by the applicant within 10 working days of issue. Once this has been done the applicant may make claims for payment. The offer of assistance is valid for one year and claims must be submitted within that time. Upon application to the Department this period may be extended. If, for business reasons you are unable to take up an offer of assistance, re-applications may be considered.

In order to process a claim for payment the Department will contact Isle of Man Treasury with regard to National Insurance, ITIP, Income Tax, VAT Payments and other outstanding Government debts. To prevent any delay in processing claims, please ensure that all payments are current and up to date.

Support under the Agriculture and Fisheries Grant Scheme will not be paid retrospectively. Standard terms and conditions are applied to all offers of financial assistance usually for either a three, five, ten or fifteen year period. They are intended to protect Government's investment so that if for example, a company ceases to trade within the period of the conditions or stops using the supported assets for the purpose intended, then all or part of the assistance received may be repayable. There are a number of scenarios that would trigger a default under the standard terms and conditions so it is very important that they are read and understood before signing acceptance of the offer of financial assistance. The DEFA may also impose further more specific conditions depending on the individual applicant's circumstances. In the case of new start-up businesses the payment of assistance may be linked to performance and tied into the business plan submitted as part of the application for assistance.

Public disclosure of financial assistance paid

The applicant should be aware that the details of all financial assistance paid out under the AFGS will be published in an annual report prepared by the DEFA which will also be laid before Tynwald the Isle of Man's Parliament. They are therefore, not confidential to the company concerned. Applicants should also be aware that parliamentary questions may be raised on applicants.

Payment of approved support

Once a formal approval has been received the applicant may sign and return the terms and conditions to the DEFA. Once this has been done the applicant may make claims for payment. The offer of assistance is valid for one year and claims must be submitted within that time. In order to process a claim for payment the Department will contact Isle of Man Treasury with regard to National Insurance, ITIP, Income Tax, VAT Payments and other outstanding Government debts. To prevent any delay in processing claims, please ensure that all payments are current and up to date.

Support under the Agriculture and Fisheries Grant Scheme will not be paid retrospectively

In order to submit a claim for payment, fill in the application for payment form and submit it to the Department together with the original receipted invoices, and a summary sheet. Any queries regarding the claim procedures should be directed to the Department of Environment Food and Agriculture on (01624) 685844 or by e-mailing, agriculture@gov.im

Government Process

Applicants should expect a minimum of three weeks for a decision.

Note that the normal application process for the Scheme has a target time of eight weeks.

The steps are as follows:

1. The business approaches the Department to verify whether an application can be made
2. The business submits all relevant information
3. A meeting may be held between officers of the Department and the applicant to discuss information. It may be helpful for other parties to be involved, notably any parties which may be providing significant additional capital
4. A report is prepared for Department approval
5. Significant financial assistance also requires the approval of the Treasury. If this is the case, additional time will be required by the Department to seek such approval
6. The applicant is then informed of the decision

RIGHT OF APPEAL

- (1) A person may, within 28 days of the date of notification of a decision under this Scheme, request in writing that the Department review the decision, stating the grounds on which the review is requested.
- (2) In the first instance, the application shall be reviewed by an officer of the Department who has had no involvement in the original application; this is known as a Stage 1 appeal.
- (3) Stage 1 appeal decisions are to be made and notified to the applicant within 30 days of the date the review request was received.
- (4) Following notification of the outcome of the review, if an applicant considers that the grounds for appeal have not been addressed, he or she may apply in writing to the Department requesting that the matter be referred to the Appeals Committee ("the Committee"). This is known as a Stage 2 appeal.
- (5) A stage 2 appeal shall be heard and a recommendation made by the Committee within 90 days from the date a request for a Stage 2 appeal is received.
- (6) Applicants may opt to have either a written or oral Stage 2 appeal.
- (7) In the case of a written appeal, the appeal request document and all other relevant paperwork, including the review paperwork, shall be considered by the Committee in advance of the meeting without the appellant present.
- (8) In the case of an oral appeal the appellant shall receive all the paperwork which is to be considered by the Committee in advance of the appeal hearing and he or she will be invited to attend part of the meeting.
- (9) During the oral hearing the appellant shall be extended the opportunity to present his or her case and respond to the Committee's questions. Appellants may be accompanied and may wish to appoint someone to represent them.
- (10) Once the appeal hearing is complete, the appellant and anyone accompanying him or her shall leave the meeting and the Committee shall deliberate on the matter.
- (11) The Committee must send a recommendation to the Minister of the Department for consideration and final decision. The Minister must make the decision within 28 days from receipt of the Committee's recommendation, however, where an appeal is particularly complex, a further period of consideration may be required and the appellant shall be notified of this in writing.
- (12) The Department shall provide the appellant with written notification of the Minister's decision within 28 days of the date of the decision being made.
- (13) For the purposes of this Scheme, the Committee shall be convened by the Department as required and shall consist of an industry representative, a Department representative who has not been involved in the original decision or the review and an independent person who has appropriate knowledge of the subject area.
- (14) The Department shall seek nominees to the Committee and maintain a list of those nominees along with a reference to their particular area of expertise. This list shall be available for inspection upon request.
- (15) The Committee when dealing with a Stage 2 appeal must —

- (a) work within the parameters of the Scheme;
- (b) not award compensation; and
- (c) make objective and evidenced recommendations in line with the Scheme specifications.

COSTS OF AN APPEAL

- (1) An application for a Stage 2 appeal shall incur a cost of £300, payable when the appeal is submitted.

Any charge for an appeal under paragraph (1) shall be refunded where that appeal is successful

APPENDIX 1 – Grant rates

<i>Column 1</i>	<i>Column 2</i>
<i>Kind of work, facility or improvement</i>	<i>% rate of grant</i>
<p>1. Marketing support</p> <ul style="list-style-type: none"> a. Point of Sale design and production b. Brand re – design <ul style="list-style-type: none"> <i>i. Must include the departments’ approved logo in the design</i> c. Advertising of food businesses if predominately using Manx Produce <ul style="list-style-type: none"> <i>i. Does not include Radio, Newspaper or TV advertising costs</i> <i>ii. Can include costs of design work</i> 	<p>up to 40%</p> <p>Capped at £250</p> <p>Capped at £250</p>
<p>2. On island tourism events predominately show casing local food</p> <ul style="list-style-type: none"> a. Advertising <ul style="list-style-type: none"> <i>i. Does not include Radio, Newspaper or TV advertising costs</i> <i>ii. Can include costs of design work and printing costs</i> b. Hire of facilities and equipment <ul style="list-style-type: none"> <i>i. Facilities and equipment must be available on island all year round</i> 	<p>up to 20%</p>
<p>3. Trade visits to and from the island</p> <ul style="list-style-type: none"> a. Trade visits from Retailers, Wholesalers and Hospitality Trade <ul style="list-style-type: none"> <i>i. Does not include Hotel costs</i> b. Trade visits off island have to be by a recognised body / Local Food Manufacturer and look to export locally produced food <ul style="list-style-type: none"> <i>i. Off island trade visits will not include corporate hospitality</i> <i>ii. Hotel and Travel costs will be paid at the economy rate</i> 	<p>up to 20%</p>
<p>4. Supply Chain costs for exporting food products to the UK and the rest of the world</p> <ul style="list-style-type: none"> a. Maximum of 5 pallets <ul style="list-style-type: none"> <i>i. Per calendar year</i> <i>ii. Supply Chain costs will require 3 quotes and based on a standard service – not express</i> b. Must be to new businesses or businesses you have traded with for less than 6 months <ul style="list-style-type: none"> <i>i. Evidence of a new business may be requested by the department</i> 	<p>up to 20%</p>
<p>5. Manufacturing / food processing equipment with a value less than £2000 per application</p>	<p>up to 40%</p>

<ul style="list-style-type: none"> a. Available for any equipment that aids food manufacturing / processing <ul style="list-style-type: none"> i. <i>Can be new, used or leased</i> ii. <i>Does not include repairs to current equipment</i> b. Available for machinery that will allow products that can be harvested and sold directly to consumers <ul style="list-style-type: none"> i. <i>Does not include packaging</i> 	
<p>6. Supply Chain costs for importing packaging for food processors</p> <ul style="list-style-type: none"> a. Maximum of 5 pallets imported in one financial year <ul style="list-style-type: none"> i. <i>Designed to help food producers who food manufacture on island only</i> ii. <i>Per calendar year</i> iii. <i>Supply Chain costs will require 3 quotes and based on a standard service – not express</i> 	up to 20%
<p>7. Plant or equipment designed and intended to help develop new food products</p> <ul style="list-style-type: none"> a. Options must include leasing and second hand costings b. Maximum Grant available £5,000 	up to 40%
<p>8. Plant or equipment designed and intended to help diversification of primary producers (Agriculture and Fisheries) into the retail market</p> <ul style="list-style-type: none"> a. Can include retail fixtures, refrigeration, EPOS <ul style="list-style-type: none"> i. <i>Fixtures designed to sell the products retail not wholesale – racking would be excluded</i> b. Equipment must lead to an increase in import substitution c. Business must be selling a minimum of 80% primary produced Manx products <ul style="list-style-type: none"> i. <i>Minimum of 1 year</i> d. Maximum Grant available £10,000 	up to 40%
<p>9. Local Food Promotion within the Hospitality and Retail sectors</p> <ul style="list-style-type: none"> a. Point of sale b. Advertising – leaflets, banners. <ul style="list-style-type: none"> i. <i>Must have the departments approved logo</i> ii. <i>Hospitality business must be part of the Harvest scheme</i> 	up to 40%
<p>10. Farm to School Programmes</p> <ul style="list-style-type: none"> a. Will include costs for travel – School and or business b. Advertising c. Products used d. Specialist equipment – to be discussed with the department before hand 	up to 60%
<p>11. Farmers markets</p> <ul style="list-style-type: none"> a. Equipment for display b. Refrigeration 	up to 40% Capped at £200

<p>c. Point of Sale</p> <p>d. Brand design</p> <p><i>i. Must be part of the farmers market association</i></p> <p><i>ii. Must have been part of the association for a minimum of 6 months</i></p>	
---	--

Anything deemed by the Department as eligible for funding which does not fall into paragraphs 1 to 11 shall attract a percentage payment in respect of the total cost calculated by the Department on a case-by-case basis.

- **Further 10% is payable in respect of a young farmer or young fisherman**
- **Paragraphs 6 & 9 only 1 application per financial year.**

APPENDIX 2 – Example partial budget

Worked partial budget for a new piece of manufacturing equipment

Provide a cost benefit analysis of the proposed projects.

		£
A. Extra Costs		
Capital cost of new equipment:	£12,000 paid by term loan over a 25 year period. Amortised annual charge to service loan	= £1,032
Additional packaging:	£214 per month X 12 months	= £2,568
Additional energy:	£85 per month x 12 months	= £1,020
Additional labour	1 person – 2 hours/day @£8/hour	= £4,160
	Total Extra Costs	=£8,780
B. Extra Income		
Forecasted increased sales		= 7,598
	Total Extra Revenue	= 7,598
C. Costs Reduced		
Reduced labour:	1 person – 2.5 hours/day @ £8/hour	= £2,200
	Total costs Saved	= £2,200
D. Income Reduced		
N/A		£0

Summary of Partial Budget information

Net benefit from project = (B+C) – (A+D) = (£7,598+£2,200) – (£8,780+£0)

= £1,018 per annum

Net capital investment (after grant): **= £12,000**

Annual return on capital invested = 8.48%

APPENDIX 3 - Food business flow diagram

