STATUTORY INSTRUMENTS

1967 No. 1329

AGRICULTURE

AGRICULTURAL GRANTS, GOODS AND SERVICES

The Agricultural and Horticultural Co-operation Scheme 1967

Laid before Parliament in draft

Made - - -	*5th September* 1967
Coming into Operation	*3rd October* 1967

The Minister of Agriculture, Fisheries and Food and the Secretary of State acting jointly in exercise of the powers conferred on them by sections 61 and 62 of the Agriculture Act 1967(a) and of all other powers enabling them in that behalf, with the approval of the Treasury, hereby make the following Scheme a draft whereof has been laid before Parliament and approved by a resolution of each House of Parliament:—

Extent, citation and commencement

1. This Scheme, which applies throughout the United Kingdom, may be cited as the Agricultural and Horticultural Co-operation Scheme 1967; and shall come into operation at the expiration of 28 days beginning with the day on which it is made.

Interpretation

2.—(1) In this Scheme, unless the context otherwise requires—

"the Act" means the Agriculture Act 1967;

"applicant" means a person who applies for a proposal to be approved under this Scheme and includes such a person after the proposal has been approved;

"appropriate Minister" means, in relation to any proposal originating in Scotland, the Secretary of State and in relation to any other proposal, the Minister; or, in any case where they may so decide, the Ministers;

"approved proposal" means a proposal approved by the appropriate Minister, within the provisions of paragraph 3 of this Scheme;

"a co-operative association" means—

(*a*) a registered society as defined in section 74 of the Industrial and Provident Societies Act 1965(b), or a society registered under the Industrial and Provident Societies Acts (Northern Ireland) 1893 to 1963, or

(a) 1967 c. 22. (b) 1965 c. 12.

(*b*) a body which (whether incorporated or not) has a written constitution from which the Council are satisfied, having regard to any provision as to the manner in which any profits of the body are to be applied for the benefit of its members, the provisions for voting by members and all other relevant provisions, that the body is in substance a co-operative association;

"the Council" means the Central Council for Agricultural and Horticultural Co-operation duly established by virtue of section 58 of the Act;

"the Minister" means the Minister of Agriculture, Fisheries and Food;

"the Ministers" means the Minister and the Secretary of State acting jointly;

"producer" means a producer of agricultural or horticultural produce;

"proposal" means a proposal in respect of which an application for approval is made to the Council within the period ending with 14th May 1977 or within such additional period by which that period may be extended or further extended by order under section 61(6) of the Act; and includes a reference to any proposed variation of an approved proposal;

"small producer" means a person who, at the time of submitting a proposal under this Scheme—

(*a*) is carrying on a small farm business to which the Small Farm (Business Management) Scheme 1965(**a**) applies and which at that time falls within any upper limit restrictions in that scheme as to the amount of land under crops and grass, excluding any rough grazing land, comprised in the business and as to the standard labour requirements of the business;

(*b*) is carrying on a small farm business to which the Small Farm (Business Management) (Scotland) Scheme 1965(**b**) applies, or to which that scheme would apply if the references therein to relevant land were references to any land, and which at that time falls within any upper limit restrictions in that scheme (references therein to relevant land being read as references to any land) as to the amount of land under crops and grass, excluding any rough grazing land, comprised in the business and as to the standard labour requirements of the business; or

(*c*) is carrying on a small horticultural production business to which the Small Horticultural Production Business Scheme 1964(**c**) would apply if a programme relating to the business had at that time been submitted for approval under that scheme.

(2) Any reference in this Scheme to any other scheme shall be construed as a reference to that scheme as for the time being amended or replaced.

(3) The Interpretation Act 1889(**d**) shall apply to the interpretation of this Scheme as it applies to the interpretation of an Act of Parliament.

Approved proposals

3.—(1) The appropriate Minister may if he thinks fit approve any proposal (other than any proposal in respect of which grant would be barred by section 61(2) of the Act) which has been submitted to and recommended by the Council and which is designed to organise, promote, encourage, develop or co-ordinate any form of co-operation in agriculture or horticulture, including co-operation and mutual assistance in production, storage, preparation for market, marketing, transport, the provision of buildings, equipment and services for farmers and other producers, research and other incidental activities.

(**a**) S.I. 1965/1554 (1965 II, p. 4534).
(**b**) S.I. 1965/1576 (1965 II, p. 4590).
(**c**) S.I. 1964/963 (1964 II, p. 2170).
(**d**) 1889 c. 63.

(2) Any such recommendation and approval may be given before or, in such classes of cases as the Ministers may direct, after the carrying out of the proposal.

(3) Any such approval of a proposal may be subsequently varied or withdrawn by the appropriate Minister with the written consent of the person making the proposal.

Amount of grant

4.—(1) Subject to the provisions of this paragraph, the amount of any grant in respect of any approved proposal shall be at the discretion of the appropriate Minister and may be calculated by reference to expenditure reasonably incurred by the applicant in the carrying out of the approved proposal, by reference to an estimate of expenditure so incurred, by reference to a fixed sum determined by the appropriate Minister or in any other way.

(2) With the exception of any case falling within sub-paragraph (4) or (5) of this paragraph, the amount of any grant to a co-operative association in respect of any approved proposal shall not, in so far as such grant relates to costs or expenses referred to in sub-paragraphs (*a*) to (*c*) below, exceed 33⅓ per cent. of—

(*a*) the cost reasonably incurred or (where the applicant has so elected) of such standard costs as are referred to in paragraph 11 hereof, in the provision, enlargement or adaptation of any building or other fixed equipment;

(*b*) amounts required for the payment of salaries and expenses of managerial or other key staff for a period not exceeding three years from the date of their appointment;

(*c*) such sum as the appropriate Minister estimates to be required for working capital in connection with the initial operation, the expansion, or increasing the efficiency of the applicant's business;

and shall not exceed 75 per cent. of the cost reasonably incurred, in so far as the grant relates to—

(*d*) the conducting of surveys, studies or any other kind of research;

(*e*) the training of managerial or other key staff.

(3) With the exception of any case falling within sub-paragraph (4) of this paragraph, the amount of any grant in respect of any approved proposal for the setting up of a co-operative association shall not exceed 75 per cent. of the cost reasonably incurred in so doing and may include 75 per cent. of the cost reasonably incurred in such prior surveys, feasibility studies and other activities as may be included in the approved proposal.

(4) Notwithstanding the limits to amounts of grant in sub-paragraphs (2) and (3) of this paragraph the amount of grant in respect of any approved proposal for setting up and the operation over an initial period of not more than three years of a co-operative association undertaking to pioneer in new aspects of co-operation in agriculture or horticulture shall not exceed 90 per cent. of the costs reasonably incurred, or estimated by the appropriate Minister to be so incurred, in carrying out the approved proposal:

Provided that in the event of the operation resulting in financial loss to the applicant, and in such cases as the appropriate Minister may decide after recommendation by the Council, grant may also be paid towards such loss or to meet it in full.

(5) The amount of any grant in respect of any approved proposal for research of a kind proposed by the Council and to be carried out or promoted by an applicant approved by them shall not exceed 90 per cent. of the cost reasonably incurred, or estimated by the appropriate Minister to be so incurred, in carrying out the approved proposal.

(6) The amount of any grant to an individual small producer in respect of any approved proposal submitted by small producers in co-operation with one another (and with or without any other person) shall not exceed £330, but shall not exceed £165 in respect of any such proposal relating only to co-operation in horticulture.

(7) The amount of grant in any other case where it is related to the cost reasonably incurred, or the cost estimated by the appropriate Minister to be so incurred, in carrying out the approved proposal shall not exceed 75 per cent. of that cost or estimated cost, as the case may be.

5. The appropriate Minister shall include in his approval of any proposal a statement of the rate or amount of grant which may be paid in respect of the carrying out of the approved proposal or, as the case may be, a statement of the basis on which the amount of the grant shall be calculated.

Consideration of proposals by the Council and their recommendations

6.—(1) Each application for approval of a proposal shall be made to the Council in such form as the Council shall prescribe and the applicant shall furnish the Council with all such particulars and information in relation to the application and proposal as the Council may reasonably require.

(2) The Council shall consider, as appropriate, in relation to each application—

(*a*) the status of the applicant and, in particular, in each case where the application purports to be made by a co-operative association, the Council shall satisfy themselves that the association clearly falls within the definition of a co-operative association in paragraph 2 of this Scheme and that the association possesses and exercises, or will possess and exercise, powers designed to secure such loyalty and support from the members of the association as the Council consider to be necessary;

(*b*) whether, and if so to what extent, the proposal has original or pioneering aspects;

(*c*) the extent of the potential benefit to producers (including, in the case of an applicant co-operative association, whether the potential benefit extends beyond benefit to its members);

(*d*) the scale and general merits of the proposal, including its practicability and suitability for the applicant;

(*e*) how the proposal will be carried out, how long it will take and the reasonableness of the estimated cost;

(*f*) the resources of the applicant, including possible contributions towards the cost from sources other than this Scheme;

(*g*) such other matters as may be appropriate in respect of any particular proposal; and

(*h*) where the application is submitted by small producers in co-operation with one another (and with or without any other person), whether the small producers concerned are displaying a genuine endeavour to

co-operate in one or more substantial respects and whether they are likely as a result of the proposals to benefit from improvements in productivity or marketing beyond what they could gain from individual efforts.

(3) The Council shall in each case when considering a proposal have due regard to such requirements, criteria and other matters as the Ministers may from time to time specify in relation to the eligibility of any kind of proposal for approval by the appropriate Minister under paragraph 3 of this Scheme.

(4) The Council shall consider each proposal together with all information furnished in respect thereof and shall decide, having regard to the scope and requirements of this Scheme, whether or not to recommend to the appropriate Minister that the proposal should be approved by him.

(5) If in any case the Council decide not to recommend a proposal for approval they shall inform the applicant in writing of their decision.

(6) In each case where the Council decide to make a recommendation for approval they shall also make recommendations to the appropriate Minister as to—

(*a*) the rate, basis or amount of grant;

(*b*) any conditions subject to which payment of grant should be made; and

(*c*) the timing of grant payments.

Approval by the appropriate Minister

7. In each case where the appropriate Minister has approved any proposal and has sent his approval to the Council, the Council shall thereupon send a copy thereof to the applicant.

Council acting through intermediaries

8. In their dealings with any applicant the Council may act either directly or, if they consider it appropriate to do so, through such central co-operative body, or other person, as the Ministers may approve either generally or specifically for the purpose, in which event the Council may reimburse such body or person expenses reasonably and properly incurred on the Council's behalf.

Reports of progress

9.—(1) The Council shall, in every case where they consider that the circumstances of the proposal make it desirable to do so, require the applicant to furnish them from time to time with a report on the progress made in carrying out the approved proposal and the Council shall consider all such reports together with the results of any other enquiries made by them.

(2) The Council shall from time to time in each such case record that due progress with the approved proposal is being made, or otherwise report to the appropriate Minister the state of progress and make recommendations regarding the continuance of the project.

Conditions of payment of grant

10. Payment of grant in relation to any approved proposal shall be subject to the following general conditions and such other conditions as the appropriate

Minister may from time to time impose in relation to any particular case or class of case:—

(*a*) the applicant shall carry out the approved proposal without any unreasonable delay and to the satisfaction of the Council and the appropriate Minister;

(*b*) any substantial deviation from the approved proposal in carrying it out shall require the prior recommendation of the Council and approval of the appropriate Minister;

(*c*) the applicant shall, if so required by the Council, from time to time—

(i) submit to the Council a report on the progress made in carrying out the approved proposal;

(ii) produce all such documents, accounts or other information relating to the approved proposal as the Council may require from him;

(*d*) the applicant shall keep or cause to be kept such books, records and other documents as the appropriate Minister or the Council may reasonably require for the purposes of this Scheme, or, in the absence of any such requirement, such books, records and other documents as are necessary to enable the appropriate Minister or the Council to be satisfied that expenditure has been properly incurred and that conditions of payment of grant have been complied with;

(*e*) the applicant shall retain or cause to be retained any such books, records or other documents until after the expiration of two years from the 31st March next following the date on which payment of grant was completed;

(*f*) any person authorised for the purpose by the appropriate Minister, the Comptroller and Auditor General or the Council shall be granted access at any reasonable time either before or after the completion of the approved proposal to the premises of the applicant for the purpose of examining any books, records or other documents in so far as they relate to the approved proposal, and of inspecting any building, equipment or thing the cost of which was taken into account in connection with the approved proposal;

(*g*) the applicant shall provide such information as the Council may require about the results of carrying out the approved proposal and the Council shall be entitled to publish or otherwise disseminate such information if, in their opinion, this is desirable for the purpose of promoting or developing any form of co-operation in agriculture or horticulture.

Standard costs

11.—(1) Where the amount of any grant under this Scheme depends to any extent on the carrying out—

(*a*) in agriculture, of work which is of a description specified in column 1 of Part I of Schedule 1 to the Farm Improvements (Standard Costs) Regulations 1967(**a**) and which is carried out in accordance with—

(i) the requirements set out in relation to that work in column 2 of that Part of that Schedule, and

(ii) such of the general specifications set out in Schedule 2 to those regulations as relate to that work or the materials used in carrying it out, or

(**a**) S.I. 1967/794 (1967 II, p. 2945).

(*b*) in horticulture, of any operation which is of a description specified in column 1 of Part I of Schedule 1 to the Horticultural Improvements (Standard Costs) Regulations 1966(a) and which is carried out in accordance with—

(i) the requirements set out in relation to that operation in column 2 of that Part of that Schedule, and

(ii) such of the general specifications set out in Schedule 2 to those regulations as relate to that operation or the materials used in carrying it out,

the applicant shall have a right to elect to take the cost thereof for purposes of grant in accordance with this Scheme as being an amount calculated at the appropriate rate or rates specified in respect of the work or operation, as the case may be, in column 3 of Part I of Schedule 1 to the relevant regulations referred to above:

Provided that the amount so calculated shall in any of the circumstances referred to in Part II of the said Schedule be varied in accordance with the provisions there set out relating to the circumstances.

(2) The references in the foregoing sub-paragraph to the provisions of the Farm Improvements (Standard Costs) Regulations 1967 and the Horticultural Improvements (Standard Costs) Regulations 1966 shall be construed as references to those provisions as amended or replaced by any other regulations at the time of approval of the relevant proposal.

Payment of grants

12.—(1) Applications for payment of grants shall be made to the Council in such form as the appropriate Minister may require.

(2) The Council shall from time to time send to the appropriate Minister a statement of such amounts as they are satisfied are properly payable by way of grant in accordance with this Scheme and which they recommend for payment, and the Council shall at the same time certify—

(*a*) that they have received from the applicant and checked all relevant documents and receipted vouchers;

(*b*) that they are satisfied that the amounts relate to expenditure which was properly incurred in respect of an approved proposal and which was reasonable in amount or, in any case where grant is not based on actual expenditure, that the amount is as approved and is properly payable; and

(*c*) that all relevant conditions of grant have been complied with, and that, where appropriate, satisfactory progress is being made in the carrying out of the proposal.

13.—(1) Payment of grant may be made by instalments if the Council so recommend and the appropriate Minister approves.

(2) Except where already considered and taken into account at the time any proposal is approved the appropriate Minister may reduce or withhold any grant where assistance in respect of expenditure for which the grant is made is given under any other enactment than section 61 of the Act.

(3) The Minister may from time to time make payment to the Council of such sums as he considers proper to enable the Council to make payment of grants in respect of the carrying out by any persons of approved proposals.

(a) S.I. 1966/856 (1966 II, p. 2009).

Keeping of records and separate bank account

14.—(1) The Council shall keep such books, accounts and records in relation to their functions under this Scheme as may be required by the Ministers and shall make them available for inspection at all reasonable times by any person duly authorised for the purpose by the Ministers or by the Comptroller and Auditor General.

(2) The Council shall maintain a separate banking account into and out of which all payments to and by the Council in respect of grants under section 61 of the Act shall be made.

(3) No payment out of such account shall be made except by the signed authority of two persons duly authorised by the Council in that behalf.

In Witness whereof the Official Seal of the Minister of Agriculture, Fisheries and Food is hereunto affixed on 29th July 1967.

(L.S.)

Frederick Peart,
Minister of Agriculture, Fisheries and Food.

Given under the Seal of the Secretary of State for Scotland on 24th August 1967.

(L.S.)

William Ross,
Secretary of State for Scotland.

Approved.
5th September 1967.

Harry Gourlay,
E. Alan Fitch,
Two of the Lords Commissioners of Her Majesty's Treasury.

EXPLANATORY NOTE

(*This Note is not part of the Scheme.*)

This Scheme, which applies throughout the United Kingdom, provides for the payment of grants in respect of the carrying out of proposals designed to organise, promote, encourage, develop or co-ordinate co-operative activities in agriculture or horticulture and prescribes the functions of the Central Council for Agricultural and Horticultural Co-operation in connection with the administration of the Scheme. The Council will receive and consider proposals, make recommendations as to approval and rate of grant, review the progress of approved proposals, verify applications for payment of grant and make authorised payments on behalf of the Minister.