STATUTORY INSTRUMENTS

1985 No. 334

AGRICULTURE

AGRICULTURAL GRANTS, GOODS AND SERVICES

The Agricultural and Horticultural Co-operation Scheme 1985

Laid before Parliament in Draft

Made - - - - -	*5th March* 1985
Coming into Operation	*6th March* 1985

The Minister of Agriculture, Fisheries and Food, the Secretary of State for Scotland and the Secretary of State for Wales, acting jointly, in exercise of the powers conferred by sections 61 and 62 of the Agriculture Act 1967**(a)** and now vested in them**(b)** 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:—

Title, application and commencement

1. This scheme, which applies throughout the United Kingdom, may be cited as the Agricultural and Horticultural Co-operation Scheme 1985, and shall come into operation on the day following the day on which it is made.

Interpretation and supplemental provisions

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 or in Wales, 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) 1967 c. 22; section 61 was amended by paragraph 4 of Schedule 2 to the Agricultural Marketing Act 1983 (c. 3).

(b) In the case of the Secretary of State for Wales, by virtue of S.I. 1978/272.

"a co-operative association" means—

(*a*) a registered society as defined in section 74 of the Industrial and Provident Societies Act 1965**(a)**, or a Society registered under the Industrial and Provident Societies Acts (Northern Ireland) 1969 and 1976**(b)**, or

(*b*) a body which (whether incorporated or not) has a written constitution from which Food From Britain 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;

"horticultural produce" means—

(*a*) fruit;

(*b*) vegetables of a kind grown for human consumption, including fungi, but not including maincrop potatoes or peas grown for seed or for harvesting dry;

(*c*) flowers, pot plants and decorative foliage;

(*d*) herbs;

(*e*) seeds (other than pea seeds), bulbs and other material, being seeds, bulbs or material for—

(i) sowing or planting for the production of fruit, of the vegetables, flowers, plants or foliage mentioned in (b) and (c) above or of herbs, or

(ii) reproduction of the seeds, bulbs or other material sown or planted; or

(*f*) trees and shrubs, other than trees grown for the purpose of afforestation;

but does not include hops;

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

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

"proposal" means a proposal in respect of which an application for approval is made to Food From Britain while this scheme is in operation and within the period ending with 14th May 1986 or within such additional period by which the period specified in section 61(6) of the Act may be further extended by order**(c)**; and includes a reference to any proposed variation of an approved proposal;

"recognised group" means a co-operative association recognised by the appropriate Minister to be situated wholly or substantially on land—

(*a*) which is, in the opinion of the appropriate Minister, inherently suitable for extensive livestock 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

(a) 1965 c. 12.
(b) 1969 c. 24 (N.I.) and S.I. 1976/425 (N.I. 7).
(c) The relevant extending order is S.I. 1983/744.

(b) whose agricultural production is, in the opinion of the appropriate Minister, restricted in its range by, or by any combination of, soil, relief, aspect or climate.

(2) The Agricultural and Horticultural Co-operation Scheme 1971**(a)** shall not apply to any proposal submitted to Food From Britain on or after the day on which this scheme comes into operation.

Approval of 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 Food From Britain while this scheme is in operation 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.

(2) 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.

(3) 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.

(4) 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) The amount of any grant in respect of any approved proposal shall not, insofar as it relates to expenditure incurred in connection with anything described in column 1 of the Schedule to this scheme exceed the appropriate percentage of expenditure, reasonably incurred, as is specified in relation thereto in column 2 of the Schedule, and no grant shall be payable in respect of any proposal of a kind described in Parts I and II of the Schedule unless it appears to the appropriate Minister that the expenditure to be incurred in connection therewith will be of a capital nature.

(a) S.I. 1971/415, as varied by S.I. 1977/846, 1980/1382, 1983/1157 and 1949.

(3) The amount of any 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.

(4) In subparagraph (2) of this paragraph the term "appropriate percentage" means—

(*a*) in relation to work done, materials supplied, or plant or equipment installed or used by or to the order of any co-operative association in furtherance of the objects of that association—

(i) in connection with produce other than horticultural produce on land not used for agriculture or horticulture, the figure specified in Division A of column 2 of Part I of the Schedule;

(ii) on land used for agriculture, the figure specified in Division B of column 2 of Part I of the Schedule;

(iii) in connection with horticultural produce on land not used for agriculture or horticulture, the figure specified in Division C of column 2 of Part I of the Schedule;

(iv) on land not used for agriculture, the figure specified in column 2 of Part II of the Schedule; and

(*b*) in relation to items in column 1 of Part III of the Schedule, the figure specified in column 2 thereof.

Consideration of proposals by Food From Britain

5.—(1) Each applicant shall provide all such particulars and information in relation to the application and proposal as Food From Britain may reasonably require and in such form as Food From Britain shall prescribe.

(2) When considering such applications, Food From Britain shall consider, as appropriate—

(*a*) the status of the applicant;

(*b*) 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);

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

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

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

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

and in each case shall satisfy themselves that the applicant is a co-operative association and possesses and exercises, or will possess and exercise, powers designed to secure such loyalty and support from the members of the association as Food From Britain consider to be necessary.

(3) Food From Britain 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) Food From Britain 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.

Recommendations by Food From Britain

6.—(1) In each case where Food From Britain 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; and

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

(2) In each case where the appropriate Minister has approved any proposal and has sent his approval to Food From Britain, Food From Britain shall thereupon send a copy thereof to the applicant.

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

Reports of progress

7.—(1) Food From Britain 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 reports on the progress made in carrying out the approved proposal and Food From Britain shall consider all such reports together with the results of any other enquiries made by them.

(2) Food From Britain shall from time to time in each 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

8. Payment of grant in relation to any approved proposal shall be subject to the following general conditions and to such other conditions as the appropriate Minister may from time to time impose in relation to any particular case or class of case:

(*a*) except in relation to an approved proposal referred to in paragraph 9(3) hereof, the applicant shall carry out and complete the approved proposal without any unreasonable delay and to the satisfaction of Food From Britain and the appropriate Minister;

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

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

(i) submit to Food From Britain a report on the progress made in carrying out the approved proposal, and

(ii) produce all such documents, accounts or other information relating to the approved proposal as Food From Britain 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 Food From Britain 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 Food From Britain 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 Food From Britain 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 Food From Britain may require about the results of carrying out the approved proposal and Food From Britain 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.

Payment of grants

9.—(1) Application for payment of grants shall be made, as the Ministers shall from time to time determine, either to the appropriate Minister or to Food From Britain and all such applications shall be in such form as the Ministers shall from time to time require.

(2) Food From Britain shall from time to time send to the appropriate Minister, in respect of applications for payment of grants made to them, a statement of such amounts as they are satisfied are properly payable by way of grant in accordance with this scheme and which it recommends for payment, and Food From Britain shall at the same time make certifications in respect of such statements in the manner and form determined by the appropriate Minister.

(3) Where the applicant has, in the opinion of Food From Britain and the appropriate Minister, incurred expenditure in good faith in carrying out the approved proposal but for reasons beyond the applicant's control he has been or is unable to carry out and complete the said proposal to the satisfaction of Food From Britain and the appropriate Minister, the Minister may, if he thinks fit and after recommendation by Food From Britain and, where the proposal originated in Scotland or in Wales, by the Secretary of State, pay grant in whole or in part in respect of any such approved proposal.

(4) Payment of grant may be made by instalments if Food From Britain so recommend and the appropriate Minister approves.

(5) 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.

(6) The Minister may from time to time make payment to Food From Britain of such sums as he considers proper to enable Food From Britain to make payment of grant in respect of the carrying out by any persons of approved proposals.

Keeping of records and separate bank account

10. Food From Britain 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.

In Witness whereof the Official Seal of the Minister of Agriculture, Fisheries and Food is hereunto affixed on 28th February 1985.

L.S.

Michael Jopling,
Minister of Agriculture, Fisheries and Food.

George Younger,
Secretary of State for Scotland.

5th March 1985.

Nicholas Edwards,
Secretary of State for Wales.

4th March 1985.

I/1cc

We approve,

Tristan Garel-Jones,
John Major,
Two of the Lords Commissioners
of Her Majesty's Treasury.

5th March 1985.

Paragraph 4(2) THE SCHEDULE

PART I

CAPITAL GRANTS OTHER THAN FOR THE STORAGE OR DRYING OF GRAIN

Column 1	Column 2		
Kind of work, facility or transaction	Grant payable		
	Division A	Division B	Division C
BUILDINGS			
1. Provision, replacement, improvement, alteration, enlargement or reconditioning of:			
Permanent buildings (except living accommodation and the provision or enlargement of buildings designed and intended for the production of horticultural produce, and excluding works and facilities specified in Paragraph 2 of this Schedule);			
Silos;			
Bulk dry stores;			
Permanent yards, loading platforms, ramps and banks	25	—	30
2. Replacement, improvement, alteration or re-conditioning of existing permanent buildings, of permanently sited frames and of durable structures for cladding with plastic, designed and intended for horticultural use	25	—	30
3. Supply and installation of permanent thermal insulation, vapour sealing or gas sealing for the control of temperature or atmosphere in buildings designed for horticultural use and potato storage	25	—	30
FACILITIES			
4. Provision, replacement or improvement of systems for the disposal of sewage, effluent, and waste (other than from dwelling houses)	25	—	30

PART I CONTINUED

Column 1	Column 2		
Kind of work, facility or transaction	Grant payable		
	Division A	Division B	Division C
5. Provision, replacement or improvement of systems for the supply of water, gas and electricity (other than for dwelling houses)	25	—	30
6. Provision, replacement or improvement of: Roads, paths and other permanent ways; Hard standings, fords, bridges, creeps, under-passes, culverts, railway-crossings, piers, jetties or slips; Sheep grids or cattle grids; Permanent fences, hedges, walls or gates; Shelter belts	25	—	30
LAND IMPROVEMENT 7. Clearance and reclamation of land; land-levelling work (including filling-in of ponds, ditches and depressions)	25	—	30
8. Drainage, including under-drainage and ditching	25	—	30
9. Provision or improvement of flood protection work; protection or improvement of river banks	25	—	30
PLANT AND EQUIPMENT 10. Supply and installation of the following kinds of new plant and equipment:— (i) Plant and equipment for potato grading; (ii) Plant and equipment for potato storage	25	15	—
11. Supply and installation of the following kinds of new plant and equipment for the storage or preparation for market of horticultural produce:— (i) Plant and equipment for the control of temperature or atmosphere; (ii) Plant and equipment for the movement of produce or containers; (iii) Plant and equipment for size, weight and quality grading;			

PART I CONTINUED

Column 1	Column 2		
Kind of work, facility or transaction	Grant payable		
	Division A	Division B	Division C
(iv) Plant and equipment for preparation for market;			
(v) Plant and equipment for packing;			
(vi) Plant and equipment for pre-packaging;			
(vii) Miscellaneous plant and equipment used in connection with the storage and preparation for market of horticultural produce	—	15	25
12. Supply and installation of new plant and equipment for pea, bean and vegetable cooling	—	—	25
13. Provision or replacement of fencing and static weighers for livestock collection centres	25	15	—
14. Purchase of tractors by any recognised group whose object is the production of crops traditionally used for the bulk feed of livestock	—	15	—
15. Purchase of machinery other than tractors by any recognised group whose object is the production of crops traditionally used for the bulk feed of livestock for the production of such crops	—	25	—

PART II

CAPITAL GRANTS FOR THE STORAGE OR DRYING OF GRAIN

Column 1	Column 2
Kind of work, facility or transaction	Grant Payable
16. Any proposal of a kind described in item 1 or items 4 to 9 inclusive of this Schedule for the purposes of or in connection with the storage or drying of grain	10
17. Supply and installation of new plant and equipment for grain storage	10

PART III

OTHER GRANTS

Column 1	Column 2
Kind of work, facility or transaction	Grant payable
18. Any work or facility incidental to the carrying out or provision of any work or facility specified in paragraphs 1–17 inclusive of this Schedule or necessary or proper in carrying out or providing the said work or facility or securing the full benefit thereof	The rate appropriate to that work or facility in accordance with the provisions of the scheme.
19. Payment of salaries, wages and expenses of managerial or other key staff, or fees for management services, for a period not exceeding three years within the first five years from the date of commencement of the co-operative's operations or from a date when, in the appropriate Minister's opinion, the co-operative began to engage in operations so distinct in character from those in which it was previously engaged as to constitute a wholly new commercial venture	$33\frac{1}{3}$
20. Conducting surveys, studies and other research	75
21. Training of managerial or other key staff	75
22. Setting up a co-operative association	75
23. Any approved proposal for research of a kind proposed by Food From Britain and to be carried out or promoted by an applicant approved by them	90

EXPLANATORY NOTE

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

This scheme, which applies throughout the United Kingdom, supersedes the Agricultural and Horticultural Co-operation Scheme 1971 under which grants are paid towards the cost of carrying out approved proposals designed to promote co-operative activities in agriculture or horticulture.

The changes introduced by this scheme are that upon the scheme's coming into operation the rate of grant is reduced from 30 per cent to 25 per cent in the case of buildings, facilities or land improvement for purposes other than the storage or drying of grain or those relating to horticultural produce; the rate of grant is reduced from 15 per cent to 10 per cent for buildings, facilities or land improvement for the storage or drying of grain; and grants for the purchase of tractors and other machinery by certain forage groups are now included in the scheme.

The scheme continues to provide for the payment of grants for carrying out approved proposals designed to organise, promote, encourage, develop or co-ordinate co-operative activities on agriculture or horticulture, and to prescribe the functions of Food From Britain in connection with the administration of the scheme. Food From Britain will continue to receive and consider proposals, make recommendations as to approval and rate of grant, review the progress of approved proposals and verify applications for payment of grant.

The scheme continues to provide for launching aid to be given in appropriate cases to co-operatives in accordance with Article 12 of Directive 72/159/EEC of the Council of the European Communities (O.J. No. L96, 23.4.72, p. 1).

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