

ECONOMIC DEVELOPMENT DEPARTMENT

RURAL ECONOMY SECTION

THE RURAL INITIATIVE SCHEME

Purpose of the Report

The purpose of the report is to provide details of the Rural Initiative Scheme (RIS), for the Economic Affairs Scrutiny Panel.

Background

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The Rural Economy Strategy (RES) policy was adopted by the States of Jersey on the 19th July 2005 as outlined in the Economic Development Committee (EDC) Report entitled "Growing the Rural Economy" published on 2nd June 2005.

The RES 2005 was a joint strategy developed between the then EDC and the Environment and Public Services (E&PS) Committee. Since the advent of Ministerial Government it has been administered jointly by the Economic Development Department (EDD) and Planning and Environment Department (PED) by officers of the Environmental Management and Rural Economy section based at Howard Davis Farm (HDF).

The RES 2005 is a 5 year strategy designed to grow the Rural Economy by 2% per annum in real terms, (in line with States Strategic Plan objectives) whilst safeguarding Jersey's countryside character and environment. The strategy has been delivered through the implementation of a number of co-ordinated initiatives:-

- Single Area Payment (SAP)
- **Rural Initiative Scheme (RIS)**
- Countryside Renewal Scheme (CRS)
- Individual policies to meet the specific needs of Arable, Dairy, and Glasshouse sectors.
- Enabling or linked development
- The introduction of a one stop shop.

The RES was implemented on 1st January 2006 and is currently due to end on the 31st December 2010. The strategy document gave a clear undertaking that RES 2005 would be reviewed in 2009 with the objective of bringing forward a new 5 year Rural Economy policy for 2011 to 2015.

As such, the Rural Economy section is able to offer grant assistance, through the RIS for new initiatives which are in line with the priorities outlined in the Rural Economy Strategy. The Economic Development Department is committed to providing targeted assistance to support Jersey's rural and maritime economy in becoming more diverse, enterprising and economically sustainable.

Aims and objectives of the RIS

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The primary aim of the RIS is to promote and accelerate growth in the rural economy. This will be achieved by supporting appropriate diversification, enterprise and innovation whilst avoiding the displacement of existing businesses. The RIS is targeted to support projects that can meet the following objectives:

- increase the penetration of niche markets and development of new 'Value Added' markets;
- improve productivity, sales and reduce costs;
- raise the share rural business receives within the supply chain;
- improve skilled employment opportunities, through job creation and education;

- encourage in-island producers to evaluate export market potential.

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Support available

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The Rural Initiative Scheme (RIS) is open to all rural and fishing businesses and has a particular focus on Jersey's farming and rural community to help support adaptation to the changing market place and/or diversify into new areas. Funding is available under the following categories:

- **Research Grant:** to enable applicants to explore a number of options before identifying a desired course of action, for example; through engaging consultants, investigating new crops, identifying savings, etc.
- **Energy Efficiency Grant:** to examine and develop technologies capable of reducing energy consumption and greenhouse gas emissions (based on an energy audit).
- **Enterprise Grant:** to help offset the costs of starting a new enterprise or improving facilities.
- **Industry-Wide Grant:** to assist common infrastructure, which would provide benefit for the industry as a whole and not just the applicant. For example, a processing facility that will benefit a number of producers.

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Eligible projects

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These grants are available for *all land or sea dependent* production activities, including agricultural and fishing businesses and land dependant soft development (i.e. sympathetic developments which do not need permanent infrastructure). Projects need to add value, be environmentally responsible, and increase economic productivity or reduce costs. Examples could include the processing of raw materials, creating processing facilities, and/or support the rural tourism and leisure industry. Such measures will allow for a greater range of rural economic activity and entrepreneurial businesses to be supported.

Funds will not normally be allocated if the proposed project has received funding from other government schemes. Applicants must provide details of other funding requested or obtained. Also, It must be noted that grants are *not* available for the construction of new permanent or temporary buildings, or to meet planning obligations.

Applicants must provide a minimum of 20% of the overall investment from their own resources, for example: cash reserves, sale of assets, or investment from members/shareholders. The total public sector contribution is limited to 50%, except in exceptional circumstances when an Industry-Wide application is made; if other public funds are obtained to support the costs of a project, these will be taken into account when considering the RIS application and may be off-set against any award made. For all capital expenditure a minimum of 2 written quotes must be provided with an application.

All applications received are considered by an applications panel in line with agreed scoring criteria.

RIS Grant Categories	Funding	Total Project Spend
Research	Up to 50% (maximum grant £10,000).	Minimum of £1,500.
Energy Efficiency	Up to 50% (maximum grant £50,000). The energy audit is also eligible for funding.	Minimum of £3,000. Following the receipt of an energy audit. There is no minimum spend for the energy audit.
Enterprise	Up to 50% (maximum grant	Minimum of £3,000.

	£50,000). <i>Cooperative grant applications may strengthen a case for funding.</i>	
Industry-Wide	Variable depending on project.	Each application will be assessed on its own merits.

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Grant conditions

The following conditions *must* be met in order to qualify for funding and are set out in the offer letter sent to the applicant following a successful application.

- a) Facilities must be related to either agriculture or other land or sea dependent activity.
- b) Agricultural and fishing projects must give primary producers an adequate and sustainable share of the resulting market.
- c) You may not begin any work on the project without first obtaining written authority from the Economic Development Department.
- d) You must meet any legal obligations, including hygiene, animal welfare and public health legislation.
- e) No alternative funding arrangements or alterations to a project can be made without the written approval of Economic Development.
- f) Any other applications for States funding must be declared.
- g) Claims must be submitted in the correct format and accompanied by all necessary documentation (originals, not photocopies). Incomplete applications will be returned to the claimant.
- h) Claims must be submitted in accordance with the timetable set out in the offer letter. You must not deviate from the agreed timing and value of your claims without written agreement from Economic Development.
- i) Projects should be completed within the timetable agreed and any variation must be agreed in writing with Economic Development.
- j) Grants are only payable on items owned by the claimant. Any items on hire purchase must be paid for in full before they can be aided.
- k) Claimants must confirm that none of the items covered by the application are replacements under an insurance claim.
- l) Any publicity given to the project must make reference to the part played by both the States of Jersey and the Economic Development Department in funding it.
- m) The applicant agrees that the project could be used in promotional literature or publicity for the RIS or Economic Development.
- n) The applicant will submit a preliminary report on the impact that the funding has had on your business within 3 months of the first anniversary of the award being made.
- o) If anything funded through the RIS is sold separately or as part of the sale of the complete business within 3 years (effective from the date of the final payment). Economic Development must be informed in writing and reserves the right to recover all or part of the grant awarded.
- p) The applicant agrees to allow access to all financial records and documents by EDD, Comptroller and Auditor General and The States internal Audit in order to determine that the grant was used for the purpose it was awarded.

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18th February 2009

APPENDIX

FREQUENTLY ASKED QUESTIONS

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| <p>a) <i>Can I apply for funding from more than one category?</i>
Yes</p> |
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b) What would happen if my project failed to meet the terms and conditions set out in the offer letter?

If the impact on the projects overall objective is minimal and can be easily adjusted, an amended offer letter may be issued containing revised terms. Payment for the unfulfilled part will be withheld at least until revised terms are agreed between the applicant and Economic Development. There may be a reduction in grant for any missing items or changes in cost. If the problem cannot be rectified, a pro-rata reduction in grant payable may be made for the proportion of the agreement set out in the offer letter that has not been met.

c) What would happen if any breach was discovered after my final claim had been paid?

If an irregularity came to light subsequent to the final claim having being paid, an appropriate amount would be recovered, and interest may be applied to this sum.

d) What would happen if I were unable to comply with the RIS rules due to circumstances beyond my control?

Such circumstances are termed a *force majeure*. Economic Development recognises that instances can occur which may effect an agreement and that are beyond an individuals control. Where such a *force majeure* is accepted, no penalties will be imposed. Please contact the Rural Economy section, for further information should any such circumstances arise.

e) Are funds from the RIS taxable?

This will depend on the specific purpose for which the funds are obtained. The Income Tax Office will confirm the liability or otherwise on receipt of a written request, including the full details of the grant awarded, from the applicant.

f) Are funds available in order to build an agricultural building, glasshouse or polythene tunnel?

No, funding is not available for built infrastructure
