



Rural Payments
Agency

Rural Development Programme for England (2014 - 2020)

LEADER APPLICANT HANDBOOK

Guidance for applicants applying to the NPD Local Action Group

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The European Agricultural Fund
for Rural Development:
Europe investing in rural areas



A word from Steven Robson - Chief Executive - South Durham Enterprise Agency and NPD LAG Chair

The challenges facing our rural communities over the next five years are reflected in the aspirations of our Local Development Strategy. The need to support communities across our area and build their capacity for economic development will be central to the work of the new Leader programme and will be key area of focus for the Local Action Group.

As a group we must work to encourage strong and sustainable economic growth and employment for our communities, through investment in the creation and growth of micro- and small- enterprises, farm diversifications and social and community businesses and by supporting development of business networks, of rural business hubs and their services

We must support our key industries to develop a prosperous and productive farming and forestry sectors. The Local Action Group (LAG) must seek out opportunities to exchange best practice and increase cooperation, working in partnership to support networking and cooperation between land owners and management.

By building on our area's rich culture and heritage the LAG must look to develop community infrastructure, widening the visitor offer and supporting tourism related business investment. We must support the development of resilient local community services and look to issues such as broadband and signposting services to find new ways to bring our communities together.

As a LAG we need to support our communities new to the Leader approach and use the experience and success of the previous programmes to support those communities develop and grow. Previous programmes have delivered demonstrable success and have created lasting change within the communities of the NPD. Step changes in our local business communities, increased access to key services and improvements to the local tourism offer were delivered through a bottom up, partnership approach and as a LAG we will work to deliver similar success in this new Leader programme.

Local priorities and map

Our Local Priorities

Our Aim is to support strong and sustainable rural economic growth throughout the NPD area in ways which reflect the area's local priorities, engage local people and businesses, build more resilient communities and conserve its high quality landscape and environment.

Our Priorities/ Objectives are:

- rural business
- farming and forestry
- rural tourism, culture and heritage
- rural services

1. **Rural Business** – *to encourage strong and sustainable economic growth and employment in the NPD area through:*
 - Investing in the creating and growth of micro- and small- enterprises, farm diversifications and social and community businesses
 - Supporting rural business hubs and their services

Outputs: businesses benefitting, individuals benefitting, jobs created, jobs safeguarded, increase in wage bill, gross value added

Example project types: premises development, asset investment to improve productivity, support for previous projects with next phase development, pop-up businesses and shop share, local food – supply chains, e-sales

See page 10 for more guidance (priority 2 – support for micro and small businesses (non-agricultural) and farm diversification).

2. **Farming and Forestry** – to support development of more prosperous and productive farming and forestry sectors in the NPD area by:
- Supporting exchange of best practice to increase cooperation, efficiency, application of new technologies and recruitment of new entrants
 - Supporting initiatives which add value to farm and woodland products
 - Supporting farm and estate diversification to lead to the development of country sports and woodland-based initiatives.

Outputs: holdings/ forests/ woodlands benefitting, businesses benefitting, individuals benefitting, jobs created, jobs safeguarded, increase in wage bill, gross value added, number of new products / techniques

Example project types: add value to existing woodlands, investments to increase productivity, alternative energy supply chain development, process marketing & development of agricultural products, energy usage – reduction schemes

See page 7 for more guidance (priority 1 – support to increase farm productivity) and page 19 (priority – 6 support for increasing forestry productivity).

3. **Rural tourism, culture and heritage** – to develop and promote responsible tourism that builds on, supports and celebrates the natural and cultural assets of the NPD area by:
- Supporting development of new and existing visitor offers, increasing quality, sense of place, events and activities
 - Supporting groups of tourism businesses, attractions, food and drink and activity providers and encouraging cooperation, business development and efficiency
 - Developing small scale community infrastructure widening the visitor offer and supporting links with related tourism business investment.

Outputs: establishment and development of tourism attractions, additional overnight stays, number of jobs created, increase in wage bill, gross value added,

Example project types: capital investments to raise standards of existing tourism offer, development of new tourism attractions, collaborative approaches, joint marketing and local branding, events & festivals, green tourism, food trails, local markets, local produce, preservation of heritage e.g. music

See page 13 for more guidance (priority 3 – support for rural tourism) and page 17 for more guidance (priority 5 – support for cultural and heritage activity).

4. **Rural services** – *to support the development of resilient local communities in the NPD area through:*
- Supporting community based and innovative approaches to delivery of services
 - Developing community-based services and locally based signposting.

Outputs: businesses benefitting, villages/ communities benefitting, jobs created, jobs safeguarded, population benefitting, increase in wage bill, gross value added

Example project types: *village agents, multiuse of existing facilities, sustainable projects for community buildings, One Stop Centre – Community Hubs, leisure activities, care facilities, IT activities, community heating schemes*

See page 15 for more guidance (priority 4 – provision of rural services).

For more information on our objectives, our Local Development Strategy can be found online here: <http://www.durham.gov.uk/media/8237/North-Pennine-Dales-LEADER-strategy/pdf/NorthPennineDalesLEADERStrategy.pdf>

Contents

What is LEADER?	1
What will LEADER fund?	1
How much funding is available	2
Following the terms of a grant funding agreement	2
Paying for the project	2
Who can apply	2
How to determine business size?.....	3
Linked Businesses	3
Who can't apply	4
If an applicant already has public funding	4
Available grants	4
Costs which can't be claimed	5
Priority 1- Support to increase farm productivity	6
Priority 2 - Support for micro and small businesses (non-agricultural) and farm diversification	10
Priority 3 - Support for rural tourism.....	12
Priority 4 - Provision of rural services	15
Priority 5 - Support for cultural and heritage activity	17
Priority 6 - Support for increasing forestry productivity.....	19
How to apply.....	20
Stage 1 – the Outline Application	20
Stage 2 – the Full Application . http://www.durham.gov.uk/article/6570/North-Pennine-Dales-LEADER	21
Evidence to send with a Full Application	22
Quotes Requirements	22
How Full Applications are assessed	25
The final decision	27
Unsuccessful applications.....	27
Successful applications	27
Start date	28
Meeting the terms of the grant funding agreement	28
How to claim a grant	28
Site visits and inspections	29
Publicising the grant.....	29
Changes during the grant period.....	29

What is LEADER?

Under LEADER, Local Action Groups (LAGs) can allocate grant funding to local businesses and organisations to help them carry out projects which create jobs, help the business to grow and which benefit the rural economy.

The LEADER scheme is part of the Rural Development Programme for England (RDPE) and is funded by the European Agricultural Fund for Rural Development (EAFRD). Money from the programme is given to Local Action Groups (LAGs) so that they can award grants locally to businesses and organisations that apply for it. The Rural Payments Agency (RPA) manages the LEADER scheme nationally and will make the payments to successful applicants.

A LAG is made up of local public, private and civil society representatives, who work together to fund projects that help to improve their local rural economy.

LEADER is a French acronym which roughly translates as 'Liaison among Actors in Rural Economic Development'.

There is no automatic right to a LEADER grant and not all applications will be successful. The LAG will decide which projects should receive grant funding by assessing each application. Read pages 25 and 26 to find out more about how applications are assessed and what the criteria are.

What will LEADER fund?

LEADER will fund farmers, growers, foresters, other local rural businesses and rural community organisations to help:

- create jobs;
- develop rural businesses; and
- support the rural economy.

To be successful, applications must contribute to one or more of Defra's 6 priorities for LEADER, which are to:

- increase farm productivity;
- support micro and small businesses and farm diversification;
- boost rural tourism;
- provide rural services;
- provide cultural and heritage activities; and
- increase forestry productivity.

How much funding is available?

The grant amount will depend on:

- the type of project;
- the size of the business; and
- the costs involved (NB: not all the costs of a project may qualify for funding).

Applications must be for at least £2,500. The maximum grant amount will vary between priorities as determined by European funding rules.

Grants will typically be limited to a maximum of 40% of the project's total eligible costs. However some types of projects can get higher rates – read pages 6 to 19 for more information about individual grants.

Following the terms of a grant funding agreement

Successful applicants who are offered a grant will need to follow the terms of the grant funding agreement throughout the whole period – and for 5 years after the date of the final payment. This will be explained in more detail when a grant is offered.

If the terms aren't followed for the entire period, the NPD LAG may withdraw the grant offer or recover some – or all – of the money paid.

Paying for the project

Grant payments are paid in arrears and therefore applicants need to demonstrate that they have sufficient funds to pay for the project costs until grant payments are received. It is expected that a maximum of 3 claims will be paid per project.

Grant payments can only be claimed:

- in agreed stages (typically quarterly); and
- after the work being claimed for is complete and paid for.

If any equipment used in the project is bought using lease purchase or hire purchase, applicants must own the equipment outright before any grant money is paid towards it. That means that the applicant will need to have paid all instalments for the equipment and show that title to the equipment has passed to them before being paid any grant money towards it. If you are considering funding your project this way, please contact the NPD LAG before you apply.

Who can apply?

To apply for LEADER funding the applicant, or their project or beneficiaries - must be in a LAG area.

Applications can be made by farmers, growers, foresters, other local rural businesses and rural community organisations who are in the NPD LAG area. They can be:

- private businesses;
- public organisations;

- voluntary organisations; or
- someone who wants to start a business.

Applicants must be a 'legal entity' and able to sign a legally binding contract.

Not all of the Rural Areas in England are covered by a LAG. The project you are applying for must be in a LAG Area. Find out if you are in the NPD LAG area at www.durham.gov.uk/article/6570/North-Pennine-Dales-LEADER

Applicants can apply for more than one grant from the NPD LAG, as long as they are for different projects.

How to determine business size?

The grant amount and eligibility will depend on the size of the business. The size of the business depends on the number of full-time equivalent (FTE) employees it has and its financial performance.

What is an FTE employee?

Anyone who works a minimum of 30 hours per week counts as 1 FTE employee. A person working 30 hours a week for 3 months of the year would be a 0.25 FTE employee. FTEs include business partners and directors. If a business partner or director works more than 30 hours per week they still count as 1 FTE employee.

Applicants should use the table to check which category they are in.

Number of FTE employees	Turnover or balance sheet Total	Business category
Fewer than 250	€50 million (about £39 million) or less	Medium
Fewer than 50	€10m (about £7.9 million) or less	Small
Fewer than 10	€2m (about £1.6 million) or less	Micro

Linked Businesses

The business will be treated as one legal entity if it is linked with one or more other businesses. The applicant therefore needs to take into consideration the FTE employees and financial information of any other businesses to which they are formally connected.

Two or more businesses are considered to be linked when they have any of the following relationships:

- one business holds a majority of the shareholders' or members' voting rights in another;
- one business is entitled to appoint or remove a majority of the administrative, management or supervisory body of another;
- a contract between the business, or a provision in the memorandum or articles of association of one of the businesses, enables one to exercise a dominant influence over the other; and

- one business is able, by agreement, to exercise sole control over a majority of shareholders' or members' voting rights in another.

Further guidance on what is deemed as a formal connection is provided within the guidance 'The new SME definition – user guide and model declaration' at <http://ec.europa.eu/DocsRoom/documents/10109/attachments/1/translations/en/renditions/native>.

Who can't apply?

The following cannot apply for grants under the LEADER Scheme:

- Government Departments; and
- Producer Organisations or their members under the Fresh Fruit and Vegetables Aid Scheme can't apply to receive a grant towards any items also funded by that Producer Organisation.

If an applicant already has public funding

Applicants will be asked to declare whether they have received funding from EU or other public sources when they apply. Applicants will need to explain in detail what this funding was used for and whether or not it has been awarded under agricultural or industrial 'de minimis' state aid. If it has, reductions may have to be made to the amount of grant that can be offered to ensure that it does not exceed the state aid permitted. Further information about state aid is available from www.gov.uk/state-aid.

Please note that Basic Payment Scheme and Countryside Stewardship payments do NOT count towards the de minimis limit.

Available grants

There are grants available for many different types of activity, but they each support at least one of the 6 LEADER priorities.

This handbook gives some examples of the kinds of projects that are likely to be supported by the NPD LAG. The scope of LEADER is very wide however, so we are not able to give a list of all types of projects that may be eligible for funding.

Applicants are encouraged to contact the NPD LEADER Coordinator (using the details on the front cover) to discuss their project idea at an early opportunity.

LEADER funding is limited and will be prioritised towards applications that contribute the most to the NPD LAG's strategy.

The types of project that the NPD LAG might fund, and how much funding it might offer for these, fit into 6 priorities. These are set out later in pages 6 to 19 of this handbook.

The costs that funding will not cover are listed below.

Costs which can't be claimed

The following are not eligible:

1. costs for standard agricultural equipment and inputs, like animals and annual crops;
2. costs of agricultural production rights and payment entitlements;
3. costs of getting any consents needed, for example planning permission;
4. costs for anything that's a standard industry obligation, for example requirements of the Basic Payment Scheme <https://www.gov.uk/government/collections/basic-payment-scheme>;
5. costs that are incurred before the date of the grant funding agreement;
6. financial charges, such as interest, fines and maintenance;
7. reclaimable VAT;
8. any items already subject to EU or national funding;
9. projects the applicant is required to do to meet a legal or statutory requirement;
10. like for like replacements of existing items such as buildings, equipment and machinery;
11. costs connected with a leasing contract, such as lessor's margin, interest refinancing costs, overheads and insurance charges;
12. salaries and running costs for commercial business applicants;
13. long term salaries and running costs for community or not for profit projects.
Note - Some limited salary costs associated with the development of the project may be eligible but would cease as soon as the project was running. Eligibility of these costs will be considered on a case by case basis and will only be considered where the business need is clearly articulated and directly linked to supporting rural jobs and growth.
14. like for like relocation of the business;
Note - if the business needs to relocate in order to expand it can only apply for funding towards the costs of the expansion.
15. own labour;
16. in-kind contributions;
17. licence fees, subscriptions and service charges;
18. standard computer and mobile equipment; and
19. costs for plant and equipment directly associated with the generation of energy from renewable sources which are supported through the [Renewable Heat Incentive \(RHI\)](#) or [Feed-In Tariffs \(FITs\)](#).

Please check each priority on pages 6 to 19 for details of any other costs which are ineligible. If you have any queries about eligibility then please contact the NPD LAG using the details on the front cover of this handbook.

Priority 1- Support to increase farm productivity

These grants will support a wide range of farm investments. They are particularly for businesses that want to invest in innovative business practices and new technologies to help them become more sustainable and productive.

There are 3 main types of projects that could be supported:

- a) a project to improve the overall performance and sustainability of an agricultural holding;
- b) an investment to support animal health and welfare improvements; or
- c) the processing, marketing and/or development of agricultural products.

a) A project to improve the overall performance and sustainability of an agricultural holding

Who can apply?

- Farmers
- Groups of Farmers

Grant limits

The maximum grant rate is 40% of the eligible project costs

What is eligible?

Applications for grants could include:

- equipment and machinery to improve the efficiency of the use of energy, water, fertiliser and other direct inputs (for example precision farming or new technologies);
- equipment and machinery to reduce impacts on soils (like specialist drills to enable low or zero tillage farming) and to reduce greenhouse gas emissions; Investments to improve facilities for slurry manure management; and
- Investments to modernise or mechanise production and increase productivity.

Costs could include

- construction, acquisition or improvement to immovable property;
- the purchase or hire purchase of new and second hand equipment (please see further guidance on hire purchase on page 2 and second-hand equipment on page 23.
- general costs such as architect, engineer and consultation fees (limited to 15% of the project's total eligible costs);
- intangible investments including acquisition or development of computer software;
- and acquisition of patents, licences, copyrights and trademarks.

What isn't covered?

The list of costs which can't be claimed is on page 5.

b) An investment to support animal health and welfare improvements

Who can apply

- Farmers
- Groups of farmers.

Grant limits

The maximum grant rate is 40% of the eligible project costs.

What is eligible

Applications for grants could include:

- equipment and machinery to improve the efficiency of use in animal feed and other products;
- improvements to livestock housing to improve animal welfare or energy efficiency;
- equipment and machinery to improve animal handling above 'standard equipment'.

Costs could include:

- the costs of construction, acquisition (including leasing) or improvement to immovable property;
- the purchase or hire purchase of new and second hand machinery and equipment (please see further guidance on hire purchase on page 2 and second-hand equipment on page 23.
- general costs such as architect, engineer and consultation fees (limited to a maximum of 15% of the project's total eligible costs);
- intangible investments including, acquisition or development of computer software;
- acquisition of patents, licences, copyrights and trademarks.

What isn't covered

The list of costs which can't be claimed is on page 5.

c) The processing, marketing and/or development of agricultural products

Who can apply

These grants are for

- Farmers
- Land owners
- Processing businesses.

Grant limits

If the project involves processing, the amount of the grant depends on whether the end product of the processing is listed as an 'Annex 1' product or not as listed in the Treaty on the Functioning of the European Union. The majority of raw materials must be Annex 1 products. See the list of Annex 1 products at

http://eur-lex.europa.eu/resource.html?uri=cellar:07cc36e9-56a0-4008-ada4-08d640803855.0005.02/DOC_45&format=PDF.

Raw materials in	Product out	Business size	Amount that can be applied for
Annex 1 product	Annex 1 product	Micro and small sized businesses	<p>*^Cornwall up to 50%.</p> <p>^All other areas up to 40%.</p>
Annex 1 product	Not an Annex 1 product	Micro and small businesses	<p>*^In Cornwall the maximum grant rate is 45%.</p> <p>*In all other areas:-</p> <ul style="list-style-type: none"> • Where grant amount is less than €200,000 then max grant rate is 40%. • Where grant amount is more than €200,000 then max grant rate is up to 20% in all other areas.
		Medium	<p>*Where grant amount is less than €200,000 then max grant rate is 40%.</p> <p>Where grant amount is more than €200,000 then max grant rate is:</p> <ul style="list-style-type: none"> • †up to 35% in Cornwall • ^up to 10% in all other areas.

+Projects located in Cornwall receive a higher grant because the area is classed as a less developed region.

^ The table above sets out the maximum programme aid limits and not necessarily those available in your area. If you are applying for a grant of this type you should contact the LAG in advance to confirm the aid limits for your Area. * see

www.durham.gov.uk/article/6570/North-Pennine-Dales-LEADER

[De minimis state aid regulations](#) mean that a maximum of €200,000 (currently around £145,000) of Public Funds is available to any one applicant in any rolling period of 3 financial years. If an applicant has had other public funding this may count towards the de

minimis aid amount and reduce the amount of money they can apply for from LEADER.

Please note that Basic Payment Scheme and Countryside Stewardship payments do NOT count towards the de minimis limit.

What is eligible

Applications for grants could include:

- investment in equipment, technologies or processes to reduce waste;
- investment in equipment, technologies or processes to develop new or higher quality products;
- business start-ups;
- marketing activity, excluding hard copy material, associated with the above investments;
- construction or conversion of buildings to be used for processing activities.

Costs could include:

- construction, acquisition (including leasing) and/or improvements to immovable property;
- the purchase or hire purchase of new and second hand equipment (please see further guidance on hire purchase on page 2 and second-hand equipment on page 23);
- general costs such as architect, engineer and consultation fees (restricted to a maximum of 15% of total project costs);
- intangible investments including, acquisition or development of computer software;
- acquisition of patents, licences, copyrights, trademarks.

What isn't covered

The list of costs which can't be claimed is on page 5.

Priority 2 - Support for micro and small businesses (non-agricultural) and farm diversification

Funds under this priority will be used to provide grants for:

- developing or starting rural micro and small businesses; and
- farm diversification projects (for example, contracting services).

Who can apply

These grants are for:

- micro and small businesses based in rural locations, including social enterprises;
- people who want to start a business that is in a rural area; and
- farming businesses that want to diversify (expand into non-farming activities).

Grant limits

Grant awarded under this priority to projects making an economic gain are awarded under de minimis state aid rules* or capped at 40% of the project's eligible costs, whichever is the less.

A maximum grant rate of 100% may be available for investments which are non-profit making operations that will not generate an economic gain.

State aid rules

* [De minimis state aid regulations](#) mean that a maximum of €200,000 (currently around £145,000) of Public Funds is available to any one applicant in any rolling period of 3 financial years. If an applicant has had other public funding this may count towards the de minimis aid amount and reduce the amount of money they can apply for from LEADER. Please note that Basic Payment Scheme and Countryside Stewardship payments do NOT count towards the de minimis limit.

What is eligible?

Grants can be used for:

- starting a new business;
- construction costs or establishment costs for workshops, factories, premises and facilities;
- purchasing equipment (not consumables);
- processing and marketing of non-agricultural products;
- processing and marketing of agricultural products;
- social service provision;
- developing craft and handicraft activities;
- setting up an IT business; and
- leisure, recreational and sport activities

Costs could include:

- construction, acquisition (including leasing) or improvement to immovable property;

- the purchase or hire purchase of new and second hand machinery and equipment (please see further guidance on hire purchase on page 2 and second-hand equipment on page 23);
- general costs such as architect, engineer and consultation fees (restricted to a maximum of 15% of total project costs);
- intangible investments including, acquisition or development of computer software;
- acquisition of patents, licences, copyrights, trademarks;

What isn't covered?

The list of costs which can't be claimed is on page 5.

Priority 3 - Support for rural tourism

The kinds of tourism business start-up and business development projects that are likely to attract funding will be those developing high quality visitor products and services that link tourism providers, extend the tourism season and encourage visitors to stay.

Who can apply?

These grants are for:

- new or existing micro or small businesses (this includes farm businesses diversifying into tourism activities);
- a community group that wants to invest in small-scale infrastructure to support and develop tourism;
- a group of rural tourist businesses working together to develop groups of activity;
- local authorities and administrations;
- public-private partnerships;
- Non-Governmental organisations (NGOs);
- organisations in charge of tourist and recreational development, for example a destination organisation (that is, an organisation whose role is to promote tourism in a particular location or area).

Small-scale infrastructure for tourism covers a range of physical investments, such as small buildings for tourist information centres, visitor centres, shelters and signage along trails, and interpretations boards. It will also cover related small IT infrastructure such as e-booking systems for tourist services.

Grant limits

The maximum grant rate and amounts will depend on whether or not the project is a commercial project. Grants limits are:

- up to 40% of the eligible project costs for commercial tourist businesses and enterprises and awarded under de-minimis* state aid rules.
- up to 80% for non-profit making projects that have a benefit in terms of value added to the wider local tourist economy, (for example events and festivals) and where there is some income to offset costs.
- up to 100% for projects that have a benefit in terms of value added to the wider local tourist economy where there is no income, such as paths, cycle paths, signage and interpretation boards for paths and trails, visitor information centres.

*[De minimis state aid regulations](#) mean that a maximum of €200,000 (currently around £145,000) of Public Funds is available to any one applicant in any rolling period of 3 financial years. If an applicant has had other public funding this may count towards the de minimis aid amount and reduce the amount of money they can apply for from LEADER.

Please note that Basic Payment Scheme and Countryside Stewardship payments do NOT count towards the de minimis limit.

What is eligible?

Eligible areas of support include:

- developing high quality visitor products and services that encourage tourists to stay longer, link tourism providers together and extend the tourism season;
- developing quality accommodation where there are clearly defined wider benefits to the local tourism economy and where activities do not displace existing accommodation;
- supporting tourism activities / niche products linked to quality local food, culture, heritage and rural crafts / assets such as heritage events and festivals promoting local culture;
- supporting shops, catering services- restaurants and cafes where there are wider benefits to the local tourism economy;
- developing access infrastructure to help people connect to the natural environment such as paths and cycle –ways;
- supporting tourism information centres and associated visitor information;
- developing and associated marketing and signposting of culture, leisure, heritage, visitor activities or attractions;
- supporting events and festivals; and
- developing innovative technology that enhance collaboration between businesses and provides information to attract visitors.

Costs could include:

- construction, acquisition (including leasing) or improvement to immovable property;
- general costs linked to facilitating investments such as architect, engineer, consultation fees, but these can't add up to more than 15% of the project's total eligible costs;
- marketing and promotion (excluding printing) where these are part of a larger project;
- capital costs involved in supporting events and festivals (for example equipment hire, marquee hire, marketing development costs);
- short term salaries associated with project development of events and festivals; and
- intangible investments including, acquisition or development of computer software and acquisition of patents, licences, copyrights, trademarks.

What isn't covered?

In addition to the list of costs which can't be claimed on page 5 the following costs are not eligible under this priority:

- computers, software and printers used for the general running of the business such as processing orders and accounts;
- moveable fittings such as soft furnishing, beds, tables, chairs, curtains, television and audio equipment, crockery, cutlery, small kitchen equipment;
- tourism brown signs and motorway signage;

- landscaping – unless it is part of ‘making good’ for an application for a major attraction or accommodation expansion. In which case, only the landscaping contractor’s fees would be eligible excluding the costs of plants, seeds, turf or trees;
- projects to meet statutory requirements for disabled access, fire regulations or emergency exits, unless the costs of providing access, exit and complying with regulations forms part of the normal costs for a major expansion project; and
- salaries and office overheads of applicant staff employed to run events and festivals.

Priority 4 - Provision of rural services

These grants are for projects that aim to alleviate some of the difficulties faced by rural communities, particularly the lack of access to services and the provision of infrastructure. Projects should make a contribution to growing the local economy. They could include, the development of community buildings, public spaces, or cultural or tourism amenities.

Who can apply

These grants are for:

- new or existing micro or small businesses;
- rural community organisations;
- public or private entities working in partnership with small and micro business and rural community groups; and
- local authorities (in exceptional circumstances, where for example the project outcomes are enhanced by their inclusion, or the local authority can show that the project and the funding required is in addition to their statutory requirement to provide rural services).

Grant limits

The maximum grant rate is 100% for community led investments which are non-profit making, but have a benefit in terms of value added to the wider local economy.

Community led commercial projects which are profit making can also receive up to 100% grant rate, but this will be awarded under the de minimis state aid rules (see below).

Where the activity covers investments in renewables infrastructure the RDPE maximum grant rate for micro-enterprises is up to 65%~ in Cornwall and 50%~ elsewhere; for small businesses it is up to 55%~ in Cornwall and 40%~ elsewhere.

~ Note – Not all LAGS will offer grants at these levels. If you are applying for renewable infrastructure you should contact the LAG to check what levels of support are available in your area.

State aid rules

*[De minimis state aid regulations](#) mean that a maximum of €200,000 (currently around £145,000) of Public Funds is available to any one applicant in any rolling period of 3 financial years. If an applicant has had other public funding, this may count towards the de minimis aid amount and reduce the amount of money they can apply for under LEADER. Please note that Basic Payment Scheme and Countryside Stewardship payments do NOT count towards the de minimis limit.

What is eligible?

Types of projects include:

- plans for the development of municipalities and villages in rural areas and their rural services;
- creation, improvement or expansion of all types of small scale infrastructure, including investments in renewable energy systems which would not be eligible for renewables Heat Incentive (RHI) or Feed-In- tariffs (FITs);
- setting up, improving or expanding of essential rural services for the local community;

- projects that involve visits to farms for educational purposes so that the public has a greater understanding of the countryside and rural areas;
- small-scale village infrastructure projects, including amenity buildings and village access (for example footpaths);
- community renewable energy production and distribution networks;
- developing village infrastructure and access to key services, which may include tourism projects that increase services for the local community and contribute to village renewal;
- setting-up, improving or expanding essential services (for example transport) for the local community.

Costs could include:

- construction, acquisition (including leasing) or improvement to immovable property;
- feasibility studies and construction of renewable energy production plant and distribution capacity;
- the purchase or hire purchase of new machinery and equipment;
- general costs linked to facilitating investments such as architect, engineer, consultation fees, but these can't add up to more than 15% of the project's total eligible costs;

What isn't covered?

In addition to the list of costs which can't be claimed on page 5 the following costs are not eligible under this priority:

- computers, software and printers that are used for the general running of a business, such as processing orders and accounts;
- salaries associated with the on-going running of projects;
- access to broadband services;
- landscaping - unless it is part of 'making good' for an application for a major attraction or accommodation expansion. In which case, only the landscaping contractor's fees would be eligible excluding the plants, seeds, turf or trees;
- projects to meet statutory requirements for disabled access, fire regulations or emergency exits, unless the costs of providing access, exit and complying with regulations form part of the normal costs for a major expansion project.

Priority 5 - Support for cultural and heritage activity

This focuses on the promotion, enhancement and maintenance of cultural heritage assets and events where this promotes growth in the tourism economy and:

- creates a sense of local identity through raised awareness of their importance; and/or
- helps protect cultural heritage features against damage and degradation.

Who can apply?

- landowners;
- rural community groups;
- local authorities (in exceptional circumstances, where for example the local authority can show that the project and the funding required is in addition to their statutory requirement to provide this kind of activity and the project will be of benefit to farmers, landowners and/or rural communities).

Grant limits

If the grant amount is less than €200,000 then the grant rate can be up to 100% and is awarded under de minimis state aid rules.*

If the grant amount is more than €200,000 then grant rate is limited to 80%.

It is assumed that all investments must be able to demonstrate a benefit to the wider local economy.

Please note it is assumed that the activity will not take place on an agricultural holding. Any farmers that are seeking grant support for activity under this priority should talk to Natural England in the first place as funding may be available under Countryside Stewardship.

State aid rules

*[De minimis state aid regulations](#) mean that a maximum of €200,000 (currently around £145,000) of Public Funds is available to any one applicant in any rolling period of 3 financial years. If an applicant has had other public funding, this may count towards the de minimis aid amount and reduce the amount of money they can apply for under LEADER. Please note that Basic Payment Scheme and Countryside Stewardship payments do NOT count towards the de minimis limit.

What is eligible?

- the costs of construction and / or restoration of buildings and other physical assets, including general costs such as architects and engineering fees;
- the costs to enhance, restore and upgrade the cultural and natural heritage of villages and rural landscapes and high nature value sites;
- the conservation of small scale built heritage;
- the costs to enhance cultural and community activities and investments to enhance venues providing cultural an heritage activity; and
- the costs of events linked to cultural activity.

What isn't covered?

In addition to the list of costs which can't be claimed on page 5 the following costs are not eligible under this priority:

- computers, software and printers that are used for the general running of a business, such as processing orders and accounts;
- salaries associated with the on-going running of projects;
- access to broadband services;
- landscaping - unless it is part of 'making good' for an application for a major attraction or accommodation expansion. In which case, only the landscaping contractor's fees would be eligible excluding the plants, seeds, turf or trees; and
- projects to meet statutory requirements for disabled access, fire regulations or emergency exits, unless the costs of providing access, exit and complying with regulations form part of the normal costs for a major expansion project.

Priority 6 - Support for increasing forestry productivity

Forestry is making an increasing contribution to rural growth - it is helping to diversify the farm economy and reduce the carbon footprint of local communities. More than 80% of England's woods are privately owned. Funding under LEADER will aim to deliver permanent new supply chains and jobs that, at the same time, restore regular management to local woods and encourage a greater degree of added value to the timber output.

Who can apply?

- Owners of private forestry holdings
- Small and medium-sized forestry contracting businesses.

Grant limits

Applicants can apply for a maximum of 40% of the projects' eligible costs.

What is eligible?

- investments in machinery and equipment to help the production, extraction, mobilising, processing and marketing of timber and non-timber forest products;
- the processing, mobilising and marketing of products for new forestry technologies;
- investments that enhance forestry potential or add value to forest products by processing, mobilising or marketing;
- the costs of developing wood-fuel supply chains;
- transportation of wood within a forest by specialised forestry equipment, excluding standard transport activities; and
- investments in the production, processing and marketing of non-timber forest products, particularly wild venison. This shall include on-holding cold storage and butchery facilities.

What isn't covered?

In addition to the list of costs which can't be claimed on page 5 and 6 the following costs are not eligible under this priority:

- large scale or industrial processing undertaken by static machinery with an annual processing capacity that is more than 10,000m³.
- hand tools (including chain saws) and consumables;
- investments in woodland creation or the management of woodland itself; and
- the preparation of woodland management plans.

How to apply

There are two stages to the application process – an Outline Application and a Full Application. Applications are assessed at both stages and only the highest-scoring at the Full Application stage will be successful.

Applicants will need to fill out 2 application forms to apply for a LEADER grant:

1. an Outline Application; then, if successful,
2. a Full Application.

Stage 1 – the Outline Application

Applicants should contact the NPD Coordinator (see contact details on the Handbook's cover page) for an Outline Application.

On the Outline Application form, applicants will need to give the following details about their proposed project:

- their business or organisation details;
- the location;
- what the objective is;
- how it will be done;
- who will benefit from it (for example, how it will help the business to grow and create jobs, or what difference the project will make to the rural economy);
- how it will benefit other businesses, including suppliers;
- how much it will cost;
- why a grant is needed to fund it; and
- how much funding is needed, for how long and what the money will be spent on.

After the form has been submitted, applicants will receive an email acknowledgement within 10 working days.

The form will then be checked to make sure it includes all the right information. If information is missing, the application will be returned to the applicant to supply the missing information. **If the complete application isn't received by the deadline given by the LAG, it will be rejected and the application will not be progressed.**

How Outline Applications are assessed

Outline Applications will be assessed by the LAG and not all applications will necessarily be successful.

The assessment will cover a range of factors including:

- if the business and the proposed project activities are eligible under the scheme; and
- how the project fits the LAG's local development strategy for the priorities for LEADER.

LEADER funding aims to increase economic activity including business and jobs growth. An application will not be successful if the proposed project simply moves activity from one place to another, or replaces similar activity at either a national or local level.

Once they have assessed the application, the LAG will either:

- invite the applicant to submit a Full Application by a set deadline. (The invitation may include conditions the Applicant will need to address); or
- explain why the project can't be supported.

If an Outline Application needs more work, the LAG will suggest areas for improvement and explain where applicants can get more help and support before the application can be resubmitted.

Stage 2 – the Full Application

Being invited to submit a Full Application is no guarantee of grant funding.

If the Outline Application is successful, applicants will be sent a Full Application form with a deadline for when it needs to be submitted together with all of the supporting information. This will typically be 3 months.

The Full Application form asks for more detail about the project - building on the information given at the outline stage.

It will also ask if there have been any changes to the project size since the Outline Application, what they are and how they will enhance the project. **Please note that if there are significant changes to the project a revised Outline Application may be required before proceeding.**

After the form has been submitted, the applicant will receive an acknowledgement by email within 10 working days. The NPD LAG will check the form to make sure that it includes all the right information.

If any information is missing, the form will be returned to the applicant and the LAG will ask them to return it with the missing information, giving a deadline of when the missing information is needed by. If the detail requested isn't received by this deadline, the application will be rejected.

Evidence to send with a Full Application

Applicants need to send the following with their Full Application form:

- equipment quotes or tenders;
- an explanation of how the project will be funded and confirmation of match funding;
- financial accounts for the applicant's business;
- any permissions, consents and licences required for the project;
- supporting case studies, market research or feasibility studies;
- evidence of project's team experience and capacity to deliver;
- any relevant photographs, architects drawing or plans; and
- proof of tenancy (if applicable).

Read more about these below. To find out how Full Applications are assessed, read pages 25 and 26.

Equipment quotes

Applicants need to send quotes, references to catalogue listings or formal tenders that prove they'll get the best value when buying goods and services that they intend to claim for.

This table explains how many quotes, catalogue references and formal tenders are needed, depending on the value of each item.

Value of item or service	How to show value for money
£500 or less	2 quotes or references to 2 catalogue listings
£501 to £1,500	3 quotes or references to 3 catalogue listings
£1,501 to £50,000	3 quotes or 3 formal tenders
£50,001 or more	3 formal competitive tenders (These are viewed as quotes that suppliers put together within an identified timeframe and that follow a detailed and itemised specification provided by the applicant).

Quotes Requirements

References to catalogue listings should be print-outs or photocopies. They should include:

- the date when they were printed or copied;
- the item description and the price;
- the name of the company or catalogue; and
- the page number or webpage reference.

Quotes or tenders must come from:

- different suppliers that trade as standalone businesses and are not linked through shared ownership; and
- a business that's independent from the applicant or their business.

Quotes or tenders must include:

- a detailed and itemised breakdown of costs;
- the supplier's address, telephone number and a contact name;
- the VAT number (if the supplier is VAT registered and VAT is itemised on the quote); and
- the supplier's company registration number (if they are a limited company).

Quotes or tenders must be:

- for items that are comparable to each other in terms of quality, size, quantity, units and specification;
- from the last 6 months and still valid; and
- made out to the same business address on the application form - online quotes should also be addressed to the business.

The NPD LAG expects applicants to get the best value for money for any equipment, so applicants will need to give a detailed justification if they haven't used the cheapest quotes. Quotes may be checked against market rates.

The following reasons will not be accepted as sufficient justification for why the applicant has not used the cheapest quote:

- the location of the supplier;
- the fact they have bought from a supplier before; or
- any offers the supplier makes about future service or maintenance of equipment.

If applicants provide fewer than the number of quotes or tenders specified in the table above, **they will need to demonstrate that there are no other suppliers available, either domestically or globally** and that the quote or tender selected represents value for money and is fit for the purpose of the project.

If an applicant is proposing to buy second-hand equipment, at the point of claiming their grant, they must provide a declaration from the seller that proves:

- the original proof of purchase;
- it hasn't been bought using public funds in the last 7 years;
- it meets health and safety legislation;
- it has at least 5 years' useful life remaining from the date of the final grant payment; and
- it doesn't cost more than the market value for new equipment.

Financial accounts

Applicants must send the NPD LAG copies of accounts for the business or organisation applying for the grant. These must include all of the following:

- title and introduction pages;
- profit and loss statements;
- balance sheets; and
- any account notes pages.

For applications for grants of less than £35,000, copies of financial accounts are needed for the last 2 years. For applications for grants over £35,000, copies are needed for the last 3 years.

New businesses that don't have accounts covering the 2 or 3 years required must send one of the following:

- draft accounts;
- latest tax returns;
- management accounts; or
- an opening statement from an accountant that includes expected income and operating expenses.

Permissions, consents and licences

If a project needs specific permissions, consents and licenses for the proposals to go ahead, the applicant must send confirmation that they are in place to the NPD LAG. This includes:

- Planning permission – applicants should talk to their local authority to find out if this is needed; and
- environmental consents such as an abstraction licence from the Environment Agency;
- any other permission required for the project.

Note - If the applicant's local authority confirms that full planning permission for a building is not needed, written proof of this should be included with the application.

Proof of tenancy

If the activity involves investments in immovable assets and the applicant is a tenant, the landlord's written permission to the improvements must be obtained where this is a condition of the tenancy. In addition the applicant must provide written evidence of the tenancy agreement, including the duration of the agreement remaining if it is a fixed term arrangement.

It is the applicant's responsibility not to make any substantial changes to the assets or how they are used, and continue to use them for the purpose described in the application, for at least 5 years after receiving the final payment. In the event that the tenancy agreement ends within the 5 year period and is not renewed on substantially the same terms as the previous agreement, the applicant must contact the NPD LAG as it may be necessary to

repay some or all of the grant monies received. This will be explained in more detail, if relevant, when a grant funding agreement is sent out.

For evidence of the tenancy agreement, applicants must send a copy (not original documentation) of the tenancy agreement sections that show:

- the holding address;
- tenant;
- landlord;
- signatures; and
- for fixed term agreements, the tenancy term.

The NPD LAG may request to see a copy of the full tenancy agreement.

How Full Applications are Assessed

The NPD LAG may need to contact the applicant to discuss the application or to ask for more information and may spend more time assessing larger or more complex projects. In all cases the NPD LAG will contact the applicant to provide an estimated timescale for their decision.

Full Applications will be assessed and scored against a range of selection criteria including those set out below.

Strategic fit: the project fits with the priorities for LEADER funding

The assessment will determine how well and to what extent the project will:

- meet the eligibility criteria;
- deliver against one or more of the LEADER group's priorities as referenced in the introduction to this handbook and set out in the NPD Local Development Strategy which can be viewed on NPD LAG website at www.durham.gov.uk/article/6570/North-Pennine-Dales-LEADER.

Need for the project: what problem the project is seeking to address

The NPD LAG will assess the extent to which the project may displace economic activity undertaken by other businesses. It will also check facts, assertions and evidence relating to this that the applicant provides in support of the application.

The application will need to show:

- there is a need for the project and this has been clearly identified;
- the project outcomes which best address the needs of those the project is seeking to be of benefit to; and
- the impact the project has on other businesses.

Financial performance: the viability of the underlying business and the proposed project

The application will need to show:

- how the delivery of the project may impact the existing business operations (if the application is from an existing business), including the ability to fund the total costs of the project until the grant is reclaimed; and
- how the business will benefit from the project.

Value for money and the need for public funding: what extent does the project proposal offer good value for money?

The application will need to show:

- that competitive quotes have been sought and costs represent value for money;
- the amount of grant required to deliver the outcomes and outputs, for example cost per job;
- that other options have been considered;
- what difference grant aid will make when compared to what would happen without grant aid; and
- that supporting the project won't harm other similar businesses.

Project Sustainability and Impacts: Economic, Social and Environmental Sustainability and impact of the project

The application will need to show:

- how the project will continue to benefit people after funding comes to an end. Projects should be sustainable, and not dependent on future public funding; and
- how the project will affect the environment and/or community groups within the area
- that the project does not disadvantage anybody in terms of ethnicity, disability, age and gender.

Delivery approach and how the project can be successfully delivered on cost and on time

The application will need to show:

- that the proposed project manager has the skills and resources to deliver the project successfully;
- that the necessary permissions are in place, for example planning permission; and
- how the project can show how successful it has been.

Risk: have risks to delivering the project been identified

The application will need to show:

- that the risks that have been identified are relevant to the size, scale and scope of the project and to the business / organisation in carrying out the project; and
- how these risks will be mitigated.

The final decision

The NPD decision-making panel meet every 2 months. They will decide if a Full Application is successful and if a grant offer can be made.

For an application to be considered at a panel meeting, the completed Full Application will need to be received by the NPD LAG at least 5 weeks before the panel meeting date.

Dates that the panel meet will be made available on the NPD LAG website www.durham.gov.uk/article/6570/North-Pennine-Dales-LEADER

The NPD LAG will let applicants know whether or not they have been successful.

Unsuccessful applications

Applicants will receive a letter explaining the reasons why their application was unsuccessful.

Applicants can ask the NPD LAG to review their decision if they think that:

- the decision was based on an error of fact;
- the decision was wrong in law; or
- the NPD LAG made a procedural error.

Applicants must make this request within 60 days of receiving the letter.

Applicants should write to:

Claire Williams,
Funding and Programmes Manager,
Durham County Council,
County Hall,
Durham, DH1 5UQ

Successful applications

If the Full Application is successful and a project is approved for funding, the NPD LAG will send the applicant a grant funding agreement. It will explain when work can start on the project and the terms and conditions.

If the applicant can meet all the timings and the terms and conditions of the grant funding agreement, they must return a signed copy of the grant funding agreement within 30 working days of the date of issue. If they don't, the funding offer will expire.

Applicants should talk through their grant funding agreement in detail with the LAG, in particular about how to claim the grant.

Start date

There will be no payments for any work carried out before the start date.

Applicants must not start work, make any deposits, order or buy anything for a project until they have received a grant funding agreement from the NPD LAG with an official start date. If they don't wait for the official start date, the NPD LAG will withdraw the grant offer.

Meeting the terms of the grant funding agreement

Applicants must meet the terms set out in their grant funding agreement. If they don't, the NPD LAG may:

- withdraw the grant;
- apply a penalty by deducting payment from a grant; or
- work with the RPA to recover some - or all - of any grant monies already paid.

How to claim a grant

The NPD LAG will send a claim form to the successful applicant, including instructions about what to do next.

Applicants must fill in the claim form and return it with:

- invoices that match the costs and suppliers stated in the grant funding agreement;
- bank statements or other evidence to confirm that these invoices have been paid in full;
- photographs of the project, activity or equipment;
- a list of all the items (an asset register) they received a grant for; and
- a progress report explaining what they have done so far and any delays.

Any items which an applicant is going to claim a grant for must be installed and operational before a grant claim is submitted for those items.

If submitting multiple claims the payment schedule will be set to ensure that the final payment of grant is at least 15% of the total grant award. This is so that the NPD LAG can make sure the project is completed before paying the final grant.

If a check finds that the value of the costs included in an applicant's claim exceeds the amount that is actually eligible for inclusion in the claim by more than 10%, then unless the applicant can demonstrate that they are not at fault, a 2 stage reduction is applied to calculate the amount that is paid for that claim.

Stage 1	the claim is reduced to the total value found to be eligible
Stage 2	The final amount from stage 1 is further reduced by a figure equal to the difference between the total claimed and the amount found to be eligible.

In practice this results in a reduction to the claim payment of twice the amount that was found to be ineligible. The total amount that can be deducted in this way is capped at the value of the grant awarded.

Site visits and inspections

A variety of bodies are entitled to inspect projects and project documentation at any time with a minimum of advance notice. Notice will normally be at least 48 hours in advance although in some circumstances it may be less. As well as NPD LAG officers, these bodies include RPA, the National Audit Office, European Commission and European Court Auditors.

In an inspection, they'll check that projects meet all terms, conditions and timings from the grant funding agreement.

Applicants must co-operate fully at any inspection. This is a condition of any funding agreement.

Publicising the grant

The European Union requires that grants are publicised. The requirements will be set out in the grant agreement letter.

Successful applicants will be required to:

- mention the grant in any press releases, online communications and websites; and
- display a poster, plaque, or billboard, depending on the amount of funding received and the type of investment, including EU logos. Projects receiving funding in excess of €50,000 will be required to display a plaque and those receiving in excess of €500,000 will be required to erect a billboard.

Non-compliance of publicity requirements is a breach of the funding agreement and may result in your grant claim being reduced, withdrawn or reclaimed. **Applicants must cover the cost of publicising the grant and this cannot be included in claims for grant reimbursement.**

Changes during the grant period

The applicant is expected to use the grant money to buy items as specified in the application and grant funding agreement. During the grant period, exceptional circumstances may arise where applicants need to change elements of a project. They must inform the NPD LAG in writing immediately and where appropriate seek a contract variation.

Applicants must inform the NPD LAG about any changes to a project, for example:

- changes to use of buildings, equipment or any other assets bought with the grant;
- disposing of or selling any of the assets;
- closing, selling or transferring the business that's associated with the grant.

This applies during the project and for five years after the payment of the final claim. Agreement to an amendment is not automatic and if the applicant goes ahead with a change that the LAG does not agree to, there may be an obligation to repay the grant or the LAG may withhold part or the entire remaining grant.