



Micro Food Business Investment Scheme

Scheme Information

Sustainability at the heart of a living, working, active landscape valued by everyone.



Department of
**Agriculture, Environment
and Rural Affairs**

www.daera-ni.gov.uk



**INVESTORS
IN PEOPLE**

Contents

Introduction	3
Priorities for Funding	4
Additional Benefits	4
Who Can Apply?	5
What Assistance Can I Expect?	6
Eligible Costs	7
Ineligible Projects & Costs	8
How to Apply	10
Deadlines	12
Further Information	12
Eligibility Checklist	13

Introduction

The Micro Food Business Investment Scheme is a pilot scheme that aims to support **existing** micro food and drink manufacturing businesses who are processing¹ primary agricultural produce, to:

- produce a new product;
- enhance an existing product;
- expand a product range; or
- produce more of an existing product.



The purpose of the grant is to enable businesses to:

- commence supplying to the retail or distribution industry; or
- increase the quantity of products being sold to the retail or distribution industry; or
- move into sales outside of Northern Ireland.

It is essential that projects funded under this scheme provide direct benefits to the supply chain by improving commercial links between Northern Ireland food processors and the farmers and growers who produce the raw materials, particularly the local farmers and growers.

A project may also create other additional benefits such as improving the quality of food products available in the market place to make them healthier or by reducing negative environmental impacts.

The Scheme will provide financial capital grant assistance for **new equipment/machinery only**. This Scheme Information booklet explains what capital grant support is available, who is eligible and how to apply.

Please read the guidance provided under 'Who can Apply?' at page 5 to ensure that your business complies with the definition of 'micro' and other Scheme eligibility criteria. To assist you in deciding if your business and project are eligible we have provided a checklist on the final page of this document. Your business may be located in a rural or urban area.

¹Food processing is any method used to turn fresh foods into food products. This can involve one or a combination of the following: washing, chopping, pasteurising, freezing, fermenting, packaging and many more. Food processing also includes adding components to food, for example to extend shelf life, or adding vitamins and minerals to improve the nutritional quality of the food (fortification) (The European Food Information Council).

Priorities for Funding (Essential)

The Department is looking to achieve a number of benefits for the local economy particularly in rural areas, as an outcome of this capital grant investment. Your project **must be able to demonstrate that your business will achieve all three of the following priorities** in order to be considered for funding:

1. **Productive efficiency** - the new equipment/machinery must increase overall production (of a new, existing or enhanced product; or expand a product range) leading to lower average production costs; **and**
2. **Access new markets** - your project must result in your business either commencing supplying, or increasing the quantity of products supplied to the retail or distribution industry; and/or moving to sales, or increased sales, outside of Northern Ireland; **and**
3. **Adding value to local produce** - your project must provide direct benefits to the farmers and growers, **particularly local farmers and growers**, supplying your business with the raw ingredients to process and manufacture your products, thereby benefiting the overall Northern Ireland supply chain.

Additional Benefits (Desirable)

Your project may also bring about other additional benefits such as:

- Improving the nutritional quality of food products available in the market place to make them healthier. Examples may include:
 - reducing the quantity of salt, sugar, fat or chemical additives used; and/or
 - increasing the fibre content of the product; and/or
 - producing smaller portion sizes.
- Making a positive contribution to the environment. Examples may include:
 - reducing water and/or energy usage; and /or
 - minimising waste; and/or
 - reducing packaging waste or the introduction of recyclable or degradable packaging.

The above list is not exhaustive.

Who Can Apply?

Existing micro businesses² involved in processing food or drink products for **human consumption only**, are eligible to apply. Please note that if your business is linked to others then all these businesses need to be included when determining how many full time equivalent employees you have and the overall annual turnover. The most common circumstances under which businesses are linked include:

- One business holds a majority of the shareholders' or members' voting rights in another business;
- 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;
- One business is able, by agreement, to exercise sole control over a majority of shareholders' or members' voting rights in another; or
- Part of a group of companies.

There is no requirement for your business or the food processing unit to be located in a rural area, however the business must be:

- currently operating as an existing micro food and/or drink processing business and be able to provide 2 year's annual business accounts for the business (demonstrating solvency) when applying to the Scheme (as submitted to HMRC);
- processing primary agricultural or horticultural produce, particularly raw materials farmed or grown in Northern Ireland i.e. adding value to local produce; and
- registered with your local Council Environmental Health Officer and if relevant to the nature of your food or drink processing business, have Food Standards Agency approval certified by DAERA.

² A micro business is defined as an enterprise which employs less than 10 Full Time Equivalent (FTE) employees. Anyone who works 30 hours or more per week counts as 1 FTE. A person working 30 hours per week for 6 months of the year would be 0.5 FTE. A micro business also has to have an annual turnover of less than €2m (the GBP £ value using the exchange rate of £0.90307 for January 2021 was just over £1.8m).

Eligible projects will be from those businesses manufacturing products that will involve the processing of raw materials from one or more of the following categories:

- Red meat;
- Pig meat;
- Poultry meat;
- Eggs;
- Milk;
- Potatoes;
- Fruit and vegetables; or
- Cereals and seeds.



You will be required to tell us the origin, quantity and the percentage of each raw material used in the preparation of your product. This information is required by the Department to assess the level of direct benefit that your project will bring to the supply chain in Northern Ireland, i.e. local farmers and growers.

What Assistance Can I Expect?

The funding available under this pilot Scheme is capped. Your application will be in competition with others, therefore there is no guarantee of an offer of funding.

The funding will provide capital grants for new food processing equipment/machinery and new computer software but only where the software is required to operate the new equipment/machinery. The minimum grant amount is £5,000 with a maximum grant of up to £50,000. Financial assistance will not exceed 50% of the eligible project costs.

Any project costs over and above the grant amount awarded are your responsibility and **may not** come from another public source of funding. For example, if the total cost of the eligible equipment you are purchasing is £120,000, the maximum grant amount payable will be £50,000, and the business will be required to provide the remaining £70,000 to implement the project. The business must therefore at the time of application provide evidence that it has, or has access to, sufficient funds to pay for the total project costs until the grant payment is released. Grants can only be paid in arrears and when your project is completed.

All grants will be paid as de-minimis aid in accordance with Regulation (EU) 1407/2013 i.e. no one applicant can receive more than €200,000 in any 3 fiscal year period (the GBP £ value using the exchange rate of £0.90307 for January 2021 was £180,614).

Eligible Costs

The following costs are eligible for financial assistance:-

- the purchase of **new** machinery and equipment; and
- any dedicated piece of computer software (not an off-the-shelf piece of software e.g. Microsoft Office) if it is required for the operation of the machinery or equipment to be purchased as part of your project.

All grant will be paid in one claim once equipment/machinery/software has been purchased and is operational.



Ineligible Projects & Costs

The following are examples of projects and costs that are not eligible for financial assistance and should not be included on your Expression of Interest form. **Any Expression of Interest which includes these will be deemed ineligible and you will not be invited to submit an application for funding.**

General

New start-up businesses.
Non micro businesses.
Businesses unable to provide 2 full year's annual business accounts when applying to the Scheme.
Any items apart from new equipment/machinery.
All raw ingredients apart from red meat, pig meat, poultry meat, eggs, milk, potatoes, fruit and vegetables, or cereals and seeds.
A business not processing a product using some raw ingredients farmed or grown in Northern Ireland
Businesses not registered with the local Council Environmental Health Officer.
Businesses that do not have Food Standards Agency approval certified by DAERA (if relevant to the nature of your food or drink processing business).
Processing of fisheries and aquaculture products.
Processing of animal feeds or pet food.
Projects involving cut flowers and growing plants.
Projects involving the preparation of food/meals in a restaurant, cafe or take-away for consumption either on or off the premises i.e. hospitality.
Any costs incurred before the project start date shown in the Letter of Offer.
Contingency costs.
The cost of getting any permissions or consents, such as planning.
Any items for which you have already received EU or national funding.
Warehousing, distribution and transport costs.
Logistical or administrative costs linked to export activities towards third countries or EU Member States.
Relocation costs.
Any marketing and promotion costs, including a website.

Building and Equipment

Construction or refurbishment of buildings.
Warehousing, storage, and freezers or cold stores.
Vehicles or equipment for loading or transporting goods or people.
Repairs and maintenance of existing buildings, equipment and machinery.
Like-for-like replacement of existing items of equipment or machinery.
Any item purchased using lease or hire-purchase.

Administration of the Business

Salaries and running costs of the business.
In-kind contributions (this means the value of donated work or services) such as the costs of using your own labour, vehicle and office space.
Recurring license fees, subscriptions and service charges.
Computers, software and printers used in the general running of the business, like processing orders or accounts.
Mobile phones.
Off the shelf computer software.
Insurance policy costs.
Costs connected with a leasing contract, such as a lessor's margin, interest refinancing costs, overheads and insurance charges.
Reclaimable VAT.
Delivery cost of grant aided equipment/machinery if not included in the original procurement documentation.

Agricultural or Horticultural Business

Machinery and equipment used for growing, harvesting or transporting agricultural and horticultural products.
Standard agricultural, farm or horticultural services equipment.
Pods or pop-up structures for use as farm shops.
Fitting out of farm shops.
Vending or dispensing machines for sale of farm or horticultural produce.
Projects involving simply weighing and packing produce where the raw materials are not processed to add value. For example, equipment/machinery to weigh and bag unwashed potatoes or vegetables would not be eligible.

The above list is not exhaustive and the Department's decision regarding eligibility will be final.

How to Apply

The application process is in 2 stages.

Stage 1 - Expression of Interest (Eol)

Step 1

We have provided an Eligibility Checklist at page 13. You must be able to answer 'yes' to each eligibility requirement before you submit your Eol. You are therefore advised to go through this Eligibility Checklist before starting to complete your Eol.

Step 2

Complete the Eol form using the Expression of Interest guidance notes provided.

Note: the Department will not seek clarification on any aspect of the Eol you submit.

The onus is therefore on you to ensure your form is fully completed as detailed in the guidance notes.

Step 3

Submit your Eol as detailed on the 1st page of the form. Only one Eol form per business is allowed to be submitted. You must be 18 years of age or over to apply. We will use the information on the Eol form to check that both your business and the proposed project are eligible.

**The deadline for receipt of fully completed Expression of Interest forms is
3pm on Thursday 15 April 2021.**

Incomplete or late Eol forms will not be accepted.

All applicants will be notified of the outcome of Stage 1. If you have been successful at Stage 1 we will invite you to submit an application for funding (Stage 2). If you are not successful you will not have a right to appeal.

Stage 2 - Application for Funding

If you are invited to submit an application for funding we will ask you for more information to further assess your project and business. The table below gives an indication of what we may assess when looking at your application:

<p>Fit with the Priorities for Funding</p>	<p>To what extent will the implementation of the project demonstrate productive efficiency?</p> <p>How will the business grow to supply the retail or distribution industry or access new markets including those external to NI?</p> <p>To what extent will the project add value to local produce?</p>
<p>Additional Benefits</p>	<p>To what extent will the project:</p> <ul style="list-style-type: none"> • make a positive environmental impact? • contribute to healthy eating recommendations?
<p>Value for Money</p>	<p>How do the project costs represent value for money?</p> <p>Why is the grant funding required for the project?</p> <p>What difference will the grant funding make compared to what would happen without grant funding?</p>
<p>Need and Demand</p>	<p>To what extent does the applicant demonstrate a clear market need for the project?</p> <p>What impact will the project have on other businesses, both positive and negative?</p>
<p>Financial Viability</p>	<p>What is the current financial viability of the business?</p> <p>How will the project impact on the existing business operations?</p> <p>How will the project be funded until the grant is claimed?</p> <p>NOTE: You will be required to provide the annual business accounts for the last two financial years (as submitted to HMRC) along with your full application.</p>
<p>Delivery and Sustainability</p>	<p>Will the project be delivered in budget and on time?</p> <p>Does the applicant demonstrate that the right skills and resource are in place to deliver the project successfully?</p> <p>How will the project outputs and other benefits be monitored and recorded?</p> <p>What are the risks to project delivery and how will they be managed?</p>

If invited to Stage 2 of the application process, you will have approximately 6 weeks to submit your full application.

Following the assessment process, a Letter of Offer outlining the financial award and conditions of grant will be issued to all successful applicants.

Deadlines

The final date by which all projects funded under this pilot Scheme must be completed and suppliers paid will be set by the Department. It is expected however, that applicants will complete their projects within 9 months of signing the Letter of Offer.

Further Information

If you have any further enquiries please e-mail: mfbis@daera-ni.gov.uk

Eligibility Checklist

If you cannot confirm any one of the following you should not be completing the Expression of Interest form:

- be a micro business employing less than 10 Full Time Equivalent (FTE) employees with an annual turnover of less than €2m.
- be a food and/or drink manufacturing business (for human consumption only).
- have 2 full year's annual business accounts (demonstrating solvency).
- be registered with your local Council Environmental Health Officer and others as required.
- require support for only new equipment/machinery.
- require capital support to produce a new product; enhance an existing product; expand a product range; or produce more of an existing product.
- want to commence supplying to the retail or distribution industry; or increase supplying more products to the retail or distribution industry; or to move into sales outside of Northern Ireland.
- be processing and adding value to primary agricultural produce, particularly produce farmed or grown locally.

Department of Agriculture, Environment and Rural Affairs

www.daera-ni.gov.uk