

# Fruit and Vegetables Aid Scheme Guidance



Rural Payments  
Agency



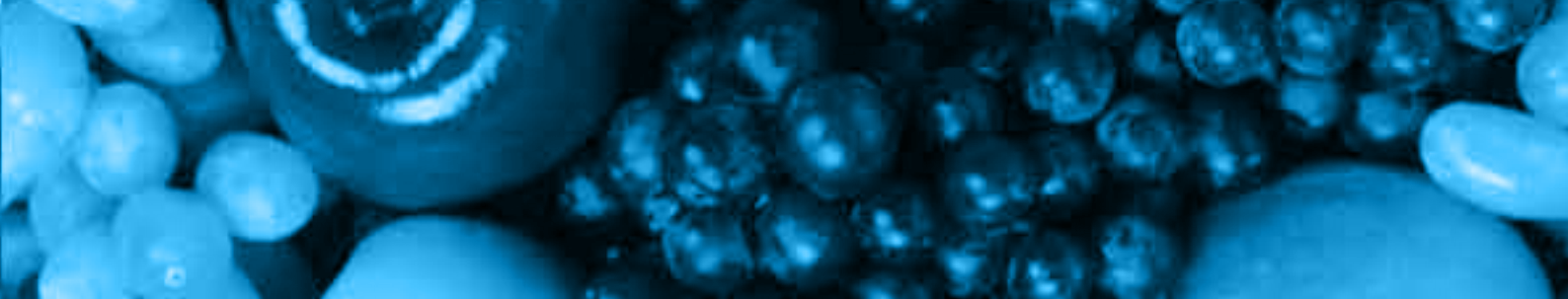
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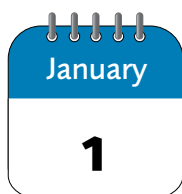


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# Key dates

## Key dates

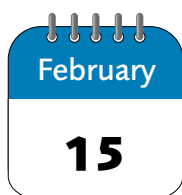


Implementation of new operational programmes may commence

New year of existing operational programmes may commence



POs may request advance payment for operational programmes for period January to March (form FVS6)



Deadline for POs to submit applications for payment for previous years' expenditure (form FVS6) along with the Annual Report (FVS5)

Deadline for submitting annual reports on operational programmes carried out in the previous year (FVS5)

Deadline for submitting final reports on operational programmes which finished in the previous year (FVS5)



POs may request advance payments for operational programmes for period April to June (form FVS6)

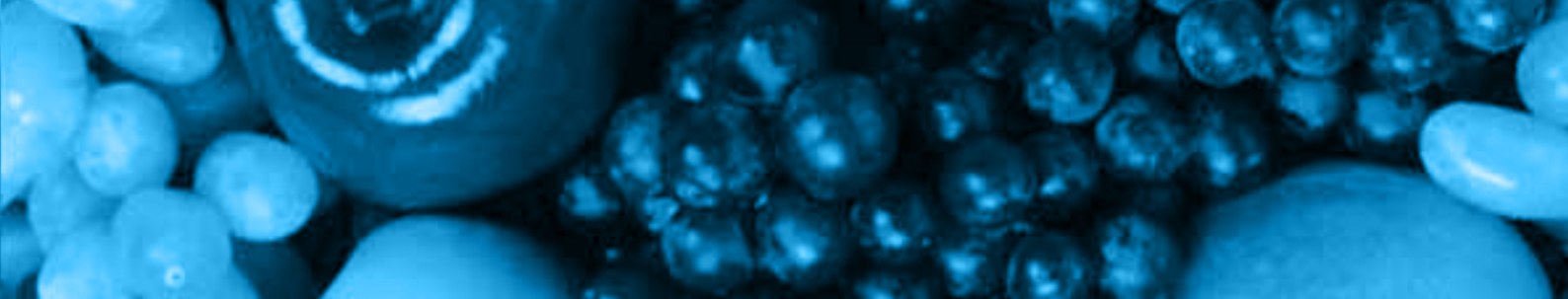


Deadline by which POs must forward documentation to prove implementation of items carried forward



POs may request advance payments for operational programmes for period July to September (form FVS6)





Last possible date for POs to submit:

Applications for recognition/merger to take effect on 1 January of following year (FVS1)

Proposals for a full operational programme commencing on 1 January of the following year (form FVS3)

Changes to future years of existing operational programmes, to take effect from 1 January of following year (form FVS4)



Final deadline for payment of all annual claims by the Agency



POs may request advance payments for operational programmes for period October to December (form FVS6)



Date for Agency to notify approval/rejection of proposed operational programmes commencing on 1 January of the following year

Date for Agency to notify approval/rejection of changes to operational programmes for current and future years

Date for Agency to inform POs of provisional level of assistance, marketed production figures for the following year

Date for Agency to notify approval/rejection of application for recognition/merger

# Important notes

The rules and obligations described in this guide arise from the European Union (EU) Regulations that are binding in the United Kingdom. The Regulations are subject to alterations. Whilst every effort is made to ensure that the information given is complete and accurate, this cannot be guaranteed. Delays can occur both in publication and in the issue of amendments to guides.

Where doubt arises on legal interpretation, advice should be sought from lawyers as ultimately only the European Court could resolve it. On any other matter the Rural Payments Agency should be consulted. References are made in the guide to the appropriate EC Regulations that may be obtained from Her Majesty's Stationery Office (HMSO).

This guide deals only with the European Community (EC) Regulations, directives and procedures and Rural Payments Agency forms and procedures required for the purposes of the Common Agricultural Policy (CAP).

 HMSO  
PO Box 276  
London  
SW8 5DT

## Submission of documents

It is the responsibility of the claimant (grower), who claims the aid from the Rural Payments Agency (RPA) (the Agency), to ensure that all necessary documents are signed, submitted and received by the RPA within the necessary deadlines.

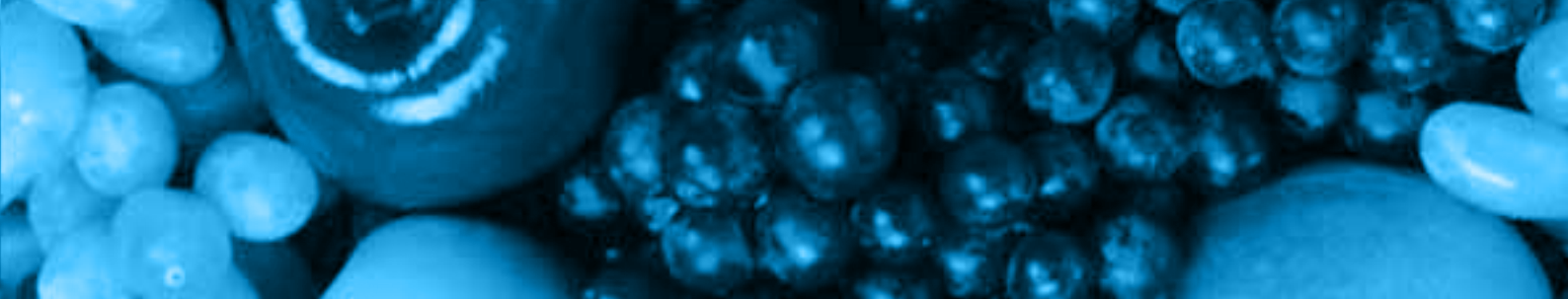
The deadlines for receipt of documents are set down in the EC Regulations and are clearly stated within this guidance.

The key dates and deadlines are shown at the beginning of this guidance.

## Receipt of documentation

Unrecorded proof of posting will not be sufficient to establish that the required forms are received by the Agency.

Documentary evidence of receipt of such forms (recorded delivery for example) by the Agency is the only way that compliance with the Regulations can be ensured in cases of dispute.



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## Telephone calls

Whilst the Agency will endeavour to assist telephone callers, any comments or advice given over the telephone cannot be accepted as legally binding and is subject to confirmation. If callers have any doubts about the advice they should write to the Scheme Manager.

## Data protection

Defra is the data controller for personal data you give to us or we hold about you. We use it in line with the Data Protection Act. For more information visit our website at [rpa.defra.gov.uk](http://rpa.defra.gov.uk), then put 'Personal Data' into the search box.

# A Introduction

## General

This guidance describes the UK's arrangements by which organisations can apply for recognition as a recognised Producer Organisation (PO) under the EU Fresh Fruit and Vegetables Aid Scheme from 1 January 2008. It also includes details of how recognised POs may then apply for operational programmes, and the arrangements for payment of financial assistance for the implementation of such programmes.

The principal EC Regulations governing the operational programme arrangements are:

- Council Regulation (EC) No 1234/2007 laying down and establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation).
- Commission Regulation (EU) No 543/2011 laying down detailed rules for the application of Council Regulation (EC) No 1234/2007 in respect of the fruit and vegetables and processed fruit and vegetables sectors.

Copies of these regulations can be accessed via the EU website on [europa.eu](http://europa.eu). A link for this website is also provided through the RPA website at [rpa.defra.gov.uk](http://rpa.defra.gov.uk)

Additional relevant community regulations and domestic legislation include the following:

- Commission Regulation (EC) No 1685/2000 detailing the specific eligibility rules for operational programmes. Section M of this guidance provides details about the requirements of this regulation.
- The Common Agricultural Policy (Protection of Community Arrangements) Regulations 1992 (SI 1992 No 314) providing details on the protection of Community arrangements under CAP.

The arrangements set out in this guidance are applicable to all recognised POs and the implementation of all approved operational programmes.

Where appropriate, a reference to the relevant regulation and article has been incorporated into the guidance. The Agency, however, accepts no responsibility for any omissions and readers are therefore directed to read the regulations themselves.

This guidance and the notes contained within it are not meant to be an exhaustive list of the entire scheme rules and criteria as it is impossible to cover all areas of the scheme in depth. They do, however, set out the basic criteria that apply to all applications for recognition and operational programmes.

## Queries

If after reading this guidance POs have any further queries, they should contact either the Agency or the relevant Devolved Administration whose details can be found at Annex 3 of this guidance. With some queries we may need to consult with colleagues in other departments before providing a suitable response. In order to ensure that all queries are fully understood by all parties, POs may be asked to support telephone enquiries with written confirmation. The Agency is happy to meet with applicants if this is felt to be beneficial.

## Division of Responsibilities

Responsibility for various aspects of the scheme is divided between the Agency and the Devolved Administrations in Scotland and Northern Ireland.

In Scotland and Northern Ireland, the Devolved Administration will be responsible for the following:

- Considering applications for recognition (in conjunction with the Agency);
- Considering applications for new operational programmes to vary or extend existing operational programmes.

The RPA will be responsible for the above for POs in England, and Wales, and the following for all POs in the UK:

- Approving new operational programmes and the variations to existing ones, following consultation with the Agriculture Departments in Scotland and Northern Ireland (where applicable);
- Notifying POs of EU ceilings and financial assistance for the year;
- Inspection visits;
- Issues relating to operational funds, payments, claims, financial penalties and recovery of aid;
- Collation and submission of annual statistical returns to the Commission.

## Further reading

This guidance applies to all POs in the UK. POs in Scotland and Northern Ireland should read these notes in conjunction with any further guidance that may be issued by the relevant Devolved Administration.

# Eligible claimants and basic recognition criteria

## General

The Agency can only pay financial assistance to recognised POs or recognised APOs. POs are organisations of fruit and/or vegetable growers recognised under Council Regulation (EC) No 1234/2007 and Commission Regulation (EU) No 543/2011.

[Read Council Regulation \(EC\) No 1234/2007 and Commission Regulation \(EU\) 543/2011](#)

## Responsibilities

The Agency, in collaboration with the Devolved Administration, is responsible for the recognition of POs and APOs into the Fresh Fruit and Vegetables Aid Scheme. In England and Wales the Agency alone will deal with PO and APO recognition. Full details of the requirements POs and APOs must meet in order to be recognised are outlined in this section, together with sections C, D, E and F of this guidance.

The Agency will notify all newly recognised POs and APOs and also any POs and APOs from whom recognition is withdrawn. Newly recognised POs and APOs are required to register with the Agency if they wish to participate in the Fresh Fruit and Vegetables Aid scheme. To receive an application form (CReg 01) please contact the CSC on 0845 603 7777.

Subsequent references in this guidance to POs should be taken to include APOs unless specified.

## Recognition: General criteria

In order to become recognised under this scheme a PO must already be legally established.

[R1234/2007 A122, A103\(c\)](#)

The PO must meet the following requirements:

- it is formed on the initiative of farmers who are growers of one or more products listed below and/or of such products intended solely for processing;
- it has the objective of the use of environmentally sound cultivation practices, production techniques and waste management practices, in particular to protect the quality of water, soil and landscape, and preserve or encourage biodiversity;
- it has one or more of the following objectives:
  - planning of production;
  - improvement of product quality;
  - boosting the commercial value of products;
  - promotion of the products, whether in a fresh or processed form;

- environmental measures and methods of production respecting the environment, including organic farming;
- crisis prevention and management;
- its articles of association provide for the specific requirements detailed in section D.

All POs must have at least five grower members, all of whom are separate legal entities.

[i R1234/2007 A125b](#)

All POs must meet the amount of annual turnover required (in terms of marketable production). This figure currently stands at €1 million with exception of POs specifically recognised for mushrooms or nuts who must have a minimum marketable production of €250,000.

[i R1234/2007 A125b](#)

## Product coverage

The following fresh or chilled products are currently covered by the scheme:

- Tomatoes, fresh or chilled
- Onions, shallots, garlic, leeks and other alliacious vegetables, fresh or chilled
- Cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas, fresh or chilled
- Lettuce (*Lactuca sativa*) and chicory (*Cichorium* spp.), fresh or chilled
- Carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots, fresh or chilled
- Cucumbers and gherkins, fresh or chilled
- Leguminous vegetables, shelled or unshelled, fresh or chilled
- Other vegetables, fresh or chilled, excluding vegetables of subheadings 0709 6091, 0709 6095, 0709 6099, 0709 9031, 0709 9039 and 0709 9060
- Other nuts, fresh or dried, whether or not shelled or peeled, excluding areca (or betel) and cola nuts falling within subheading 0802 9020
- Fresh plantains
- Dried plantains
- Figs, fresh
- Pineapples
- Avocados
- Guavas, mangos and mangosteens
- Citrus fruit, fresh or dried
- Fresh table grapes
- Melons (including watermelons) and pawpaws (papayas), fresh
- Apples, pears and quinces, fresh

- Apricots, cherries, peaches (including nectarines), plums and sloes, fresh
- Other fruit, fresh
- Mixtures exclusively of dried nuts of CN codes 0801 and 0802
- Saffron
- Thyme, fresh or chilled
- Basil, Melissa, mint, organum vulgare (oregano/wild marjoram), rosemary, sage, fresh or chilled
- Locust (or carob) beans.

This list is not exhaustive. If there is a particular crop that a PO is interested in but it is not on the list then its eligibility under the scheme should be checked. If the Combined Nomenclature code (CN code) for the product concerned is known, the PO can check this against the CN codes contained in Annex 1 part IX of Council Regulation 1234/2007. If this ties in with the codes given in this article, then that product is eligible. If the CN code is not known, the PO can contact the Customs helpline (telephone 01702 366077), give them a description of the product concerned and they will provide the appropriate CN code.

[R1234/2007 Annex 1, Part IX](#)



# Specific recognition criteria

C

## General

In addition to the basic recognition criteria set out in section B, a PO will only succeed in gaining recognition under the Fresh Fruit and Vegetables Aid Scheme if it also successfully meets the criteria outlined below.

Similarly, if it becomes apparent that a PO currently recognised within the scheme is failing to meet these criteria, it will face the possibility of having its recognition status temporarily suspended or permanently withdrawn and possible recovery of aid with interest. It will be at the discretion of the Agency to either withdraw recognition immediately or to give the PO time to rectify any areas of concern.

[Read Council Regulation \(EC\) No 1234/2007 and Commission Regulation \(EC\) 543/2011](#)

[R543/2011 A114](#)

## Structure of a PO

### Formation of PO

The PO will be expected to prove conclusively that it was formed on the initiative of the growers.

[R1234/2007 A122](#)

### Marketing

The PO must establish, and retain, full control of its members' produce at all times. The PO should promote collective marketing, enabling its members to target a variety of customers, and also help to encourage an overall concentration of supply within the PO. The PO should always aim to be visible to suppliers.

[R1234/2007 A122](#)

### Provision of facilities

This responsibility **MUST** cover four key areas – collecting, storing, packaging and marketing. POs must either provide actual facilities/services or be ultimately responsible for arranging their provision to all its members, including future members.

[R1234/2011 A23, A25](#)

POs must control all four areas for or on behalf of their members. The only allowed exceptions would be where a particular element is deemed not necessary to that sector's normal operations for example:

- Provision of storage facilities in the pea vining sector.
- Provision of packaging/packing facilities in pea vining sector.

### Invoicing

POs must have a centralised bookkeeping system and a centralised system of invoicing.

[R543/2011 A23](#)

### PO composition

The PO should comprise of at least five individual grower members. Common ownership between members should be avoided.

[R543/2011 A21](#)

## Size of individual members

Checks will be made to ensure that no single member is in a position where they can exercise undue control over the management and operation of the PO.

[i R543/2011 A31](#)

## Democratic accountability

To ensure there is no member dominance within the PO, grower members must exercise one member, one vote on all decisions affecting the PO regardless of the number of members within the organisation. Members must at all times be able to exercise control within their organisation. This also includes the election of board members/directors and must be recorded in the members' Agreements and Producers Articles of Association.

[i R543/2011 A31](#)

## Control

POs must be controlled by the producer members. Non-grower members may have voting rights within a PO but no more than one vote each. However, if the total number of non-growers represents 20% or more of the PO membership then the voting power of such members must be further limited.

[i R543/2011 A30](#)

## Outsourcing

Under duly justified circumstances, and with the prior approval of the Agency, it may be permissible for recognised POs to outsource its activities. This is dependent upon the PO's ability to provide sufficient evidence to the Agency that outsourcing the activity is an appropriate manner in which to achieve the objectives of the PO. In all cases the PO must be able to demonstrate overall control of the activity in question. POs need to ensure written agreements or contracts between it and third parties are in place and made available to the Agency. Failure to meet these criteria could lead to recognition being withdrawn and recovery of aid, plus interest and sanctions, where applicable.

[i R543/2011 A27](#)

[i R543/2011 A114](#)

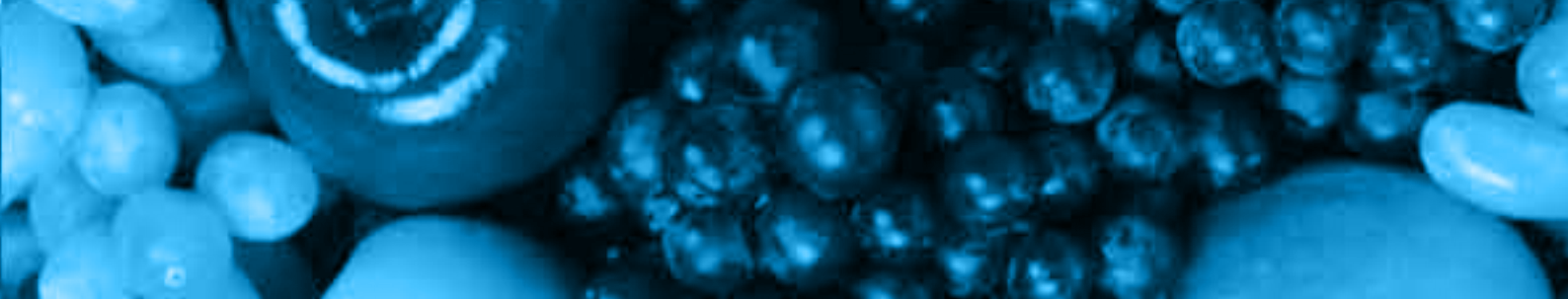
## Members from other EU Member States (Transnational POs)

POs can have members based in other EU Member States. However, the PO must locate its head office, seek recognition in and meet the requirements of the Member State where the organisation has the most significant number of holdings or members, and/or where it obtains the highest level of marketed production.

[i R543/2011 A28](#)

## Members in non-EU countries

A PO can draw its membership from countries outside of the EU but turnover from such members will not count towards the minimum eligible turnover for recognition. Their membership cannot count towards fulfilling the minimum membership criteria. Similarly, such members cannot benefit from the operational programme.



## PO members that belong to more than one PO

Where members have a number of different holdings, they may opt to be a member of a separate PO for each holding. Any members who wish to take advantage of this provision must discuss membership issues with their PO. The PO has an obligation to tell the Agency if its members belong to more than one PO.

[i R1234/2007 A125a](#)

## Exceptions to the 100% marketing commitment

Members of a PO are required to market the entirety of the products for which they are recognised through the PO. However, where the PO so authorises and in compliance with the conditions it lays down, members may sell up to 25% of their total production of eligible crops directly on to consumers for their personal needs.

[i R1234/2007 A125a](#)

In addition to this figure, members may:

- market quantities of products that are marginal in relation to the volumes marketable by their PO. The limit for marginal sales is currently set at 10% of the PO's marketable production. Members' individual marginal sales should be carefully supervised, recorded and monitored by the PO and the member to ensure it does not exceed its marginal sales tolerance. (Care should be taken to apply the same principal that is 10% to individual member's production, in relation to marginal amounts);
- market through another PO designated by their own organisation products which, because of their characteristics, are not normally covered by the commercial activities of their own organisation.

## Buying in produce

POs are permitted to buy in no more than 50% of their produce from other sources (for example, other growers). However, produce bought in from another recognised PO (including those located in another EU Member State) will not count towards the 50% limit. Any produce bought in cannot be counted towards a PO's marketed production, although it can be counted towards the marketed production of the exporting PO, if applicable.

[i R543/2011 A50, A60\(3\)](#)

# D Applications for recognition

## How to apply for recognition

POs should complete application form FVS1. Copies are available from either the RPA, the relevant Devolved Administration (read Annex 3 of this guidance for contact details), or online at [rpa.defra.gov.uk](http://rpa.defra.gov.uk)

**i** Read Council Regulation (EC) 1234/2007 (as amended) and Commission Regulation (EU) 543/2011

## Supporting information

In addition to completing the FVS1, POs will also be required to provide supplementary information which will demonstrate:

**i** R1234/2007 A122, A125

- (a) that the PO is a legal entity, formed on the initiative of the growers;
- (b) what eligible crops the PO will be recognised for;
- (c) that its membership agreement includes the following aims:
  - to ensure the production is planned and adjusted to demand, particularly in terms of quality and quantity;
  - to promote concentration of supply and place members' production on the market;
  - to reduce production costs and stabilise producer prices;
  - to promote the use of cultivation practices, production techniques and environmentally sound waste management practices, in particular to protect the quality of water, soil and landscape and preserve and/or encourage biodiversity.

Note: The elements may all be included in the PO membership agreement.

- (d) its articles of association which requires PO member producers to:
  - apply the rules adopted by the PO;
  - belong to only one PO in respect of a given holdings production of one of the product categories;
  - market their entire production through the PO (read section C: 'Exceptions to the 100% marketing commitment');
  - provide the information requested by the PO for statistical purposes;
  - pay the financial contribution provided for in the rules of association for the establishment of an operational fund.
- (e) that the articles of association or membership agreement of the PO provides for:
  - procedures for determining, adopting and amending the rules of the PO;
  - the imposition on the members of financial contributions as needed to finance the PO;
  - rules enabling the producer members democratically to scrutinise the PO and its decisions;

- rules detailing the arrangements for non-producer members to be entitled to voting rights;
- penalties for infringement under the rules of association, particularly non-payment of financial contributions, or of the rules laid down by the PO;
- rules on the admission of new members;
- minimum membership periods (Note: Commission Regulation (EU) No 543/2011 requires that the minimum membership period must be at least one year. However, a PO may require a longer commitment to membership for duration of operational programmes);
- rules on the resignation dates for PO members (Resignation of membership must be notified to the organisation in writing. Resignation will not take effect until the following 1 January. The Agency must receive a notice period of at least three months, although a PO is entitled to stipulate a longer period of notice);
- the accounting and budgetary rules necessary for the operation of the organisation;
- agreement on action to be taken in the event of circumstances beyond the control of the PO (force majeure);
- written agreement on the provisions to be made in order to recover investments or the value of investments in the event of a member leaving the PO group. It should be noted that the RPA will recover aid paid on the item, taking into account the write-down period if applicable.

The PO must also provide **sufficient** evidence that it can carry out its activities properly and effectively, enabling its members to obtain technical assistance in using environmentally sound cultivation practices.

The PO must provide its members with the facilities for collecting, storing, packaging and marketing their produce, while ensuring proper commercial and budgetary management of their activities. If a PO cannot provide these facilities directly, it must be ultimately responsible for arranging their provision to all its members, including future members.

## Timetable

Applications for recognition may be submitted and granted at any stage during the year. However, if an application for an operational programme is submitted at the same time as a request for recognition, the latest date for both applications is 15 September for the operational programme to take effect from the following 1 January. POs will be notified by the Agency as to whether recognition status has been granted no later than three months from the date when all relevant information was deemed to have been received.

[R1234/2007 A125b](#)

# E Mergers of recognised POs

## General

For a number of reasons, POs may consider the possibility of merging with other recognised POs. Neither the Devolved Administration nor the RPA can advise POs as to whether a merger is the right thing to do for their organisation. However, it is strongly advised that all POs considering such a merger should consult with the Agency and relevant Devolved Administration at the earliest possible stage to discuss plans.

[Read Council Regulation \(EC\) 1234/2007 and Commission Regulation \(EU\) 543/2011](#)

[R543/2011 A29](#)

## Points to consider

Other than the general advice set out below, the Agency has not issued any detailed advice regarding mergers. No two mergers are the same as circumstances differ in each case. In the case of a prospective merger, POs are urged to consider the following:

- the viability of the merged PO (the essence of the PO should remain unaffected by any restructuring that takes place);
- the effective date when the new PO comes into being;
- the date when membership agreements with the old POs will terminate and when the new agreements will begin;
- ownership of PO assets following merger (it should be noted that any capital items for which grant aid has been paid must be transferred to the merged group).

Please note that the Agency may seek recovery of aid on any capital funded items which are disposed of by the merged PO.

Before a merger can take place the organisations concerned will need to consult all of their members and obtain their agreement to the merger. This can either be done at an AGM, EGM or via correspondence.

If agreement has been reached, the parties involved will need to consider the following points:

- decide on the legal status of the newly merged PO;
- agree new articles of association, rules and members' agreements.

## Application for recognition

The newly merged group will need to apply for recognition on application form FVS1 (copies available from the Agency, relevant Devolved Administration or online at [rpa.defra.gov.uk](http://rpa.defra.gov.uk)). In addition to proving that the newly merged PO will be viable, they will need to supply the Agency with the following supporting documents (full details can be found in section D):

- a copy of the minutes of an AGM or EGM covering the agreement to merge. Alternatively, if members have been consulted in writing, copies of their replies must be submitted;
- a list of assets of the individual POs.



## Application deadline

An application can be made at any time during the year. However, POs who have existing operational programmes will need to apply by the 15 September deadline if they want to achieve recognition and the commencement of a merged operational programme by 1 January of the following calendar year.

Such organisations shall request the merger of the operational programmes by means of an in year amendment in accordance with Article 66 of Commission Regulation (EU) No 543/2011.

Following a merger of POs, it may in some cases be possible to continue with the individual operational programmes until they are completed. POs should inform the RPA/Devolved Administration of their proposals and these requests will be dealt with on a case by case basis.

## Costs of mergers

Legal and administrative costs incurred through mergers or acquisitions of POs through the operational programme will be eligible for aid. This will be paid as part of the costs incurred under the programme up to the limit of 4.1% of the marketed production. Feasibility studies and proposals for mergers by a PO will also be eligible for Community funding, provided full documentation is submitted and clearly relates to the proposed merger. Please contact the Agency for further information on this subject.

# F Association of POs (APO)s

## General

An Association of Producer Organisations (APO)s is an umbrella body acting for two or more recognised POs:

- It must be a separate legal entity or a clearly defined part of a legal entity;
- It can establish, submit and implement an entire or partial operational programme on behalf of its member POs. If it does so, the APO will be responsible for making claims and receiving aid payment on behalf of its member POs;
- If the member POs wish to submit their own individual operational programmes, the APO could be charged with the co-ordination, running of measures or investments which are common to two or more POs. In this case the POs must maintain their own operational funds. Following agreement with the Agency or relevant Devolved Administration, an APO which chooses this option may also submit its own operational programme on application form FVS3.
- The APO programme may include measures identified but not implemented by its member POs within their operational programmes;
- It can carry out any of the activities of a PO.

The 50% contribution to funding the measures to be carried out by the APO, should be fully financed by member POs, paid out of their operational funds. However, contributions may also be made by non-PO members, proportional to those of PO members.

In addition, the measures and amount of financial participation should be listed in the operational programme of each participating PO.

## Specific recognition criteria

### Minimum length of APO membership

The minimum period for a PO to be a member of an APO is one year. However, APOs are entitled to require a longer commitment to membership; for example APOs may require a commitment for the duration of any collective operational programme it submits. Details of this period must be included in the APO membership agreement.

### Minimum period for notice of resignation

APO members must provide at least three months notice of their intention to leave the organisation. Resignation of membership must be notified to the APO in writing no later than 30 September to take effect on 1 January of the following year. However, POs are entitled to require a longer period of notice and details of this must be included in the membership agreement.

[Read Council Regulation \(EC\) 1234/2007 and Commission Regulation \(EU\) 543/2011](#)

[R1234/2007 A125c](#)

[R543/2011 A32, A33, A34](#)

[R543/2011 A62](#)



## APO composition

The APO should comprise at least two individual recognised PO members.

## Democratic accountability

To ensure there is no member dominance within the organisation, APO members must exercise one PO, one vote on all decisions affecting the organisation regardless of the number of POs within the APO. POs must at all times be able to exercise control within their APO. This also includes the election of board members/directors and arrangements must be recorded in the members' Agreements and Articles of Association.

## Non-PO members

Persons that are not recognised POs may be accepted as members of an APO but must not benefit directly from EU funding.

## Applications for recognition

Potential APOs should complete application form FVS2. Copies are available from RPA, relevant Devolved Administration or online at [rpa.defra.gov.uk](http://rpa.defra.gov.uk). The APO must provide the following information with the application:

- (a) Where an APO intends to implement an operational programme on behalf of the APO or its members, then proof is required that it has opened a separate bank account to receive the contributions of grower members to the operating funds of all member POs and EU grant aid paid to the APO in respect of claims against the operational programme.
- (b) Proof that the APO exists at the time of application as a separate legal entity or clearly defined part of a legal entity.
- (c) Evidence confirming that the members of all constituent POs have agreed to join/form the APO, for example:
  - minutes of the AGM or EGM.
- (d) A statement of the functions that the APO will undertake on behalf of the constituent POs.
- (e) Members' Agreement and if applicable Articles of Association that:
  - state the membership obligations of the member PO to the APO, regarding minimum length of membership and the relevant dates and notice required for POs wishing to leave the association;
  - include a commitment from POs to membership of the association during an operational programme, where applicable;
  - allow member POs to scrutinise its records and accounts;
  - require member POs to provide it with information on the estimated



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## Application for operational programmes

APOs may claim administration costs of the standard flat rate multiplied by the number of PO members up to a maximum of €1,250,000.

income into the operating fund for the next year and suitable justification.

## General

Marketed Production is all of the recognised produce that is ready to leave the PO available for onward sale (but with some additions and exclusions which are explained below). This is the figure that is then used to calculate the ceiling on EU funding payable to the PO.

## Additions

Included are:

- members' sales of recognised produce through the PO;
- members' recognised produce that cannot be handled by their own PO and are marketed by the member through another PO;
- a PO's own recognised produce grown on its own land or leased land;
- the eligible produce of any subsidiary companies providing that the PO has at least 90% share ownership of the subsidiary;
- by-products. The Agency does not hold a list of by-products. Should a PO wish to include a by-product it must provide the Agency with a detailed description and the PO will be advised if the product is acceptable;
- marginal amounts (10% or less) of members' recognised products sold by the member through another PO;

*Basis for calculation in relation to processed fruit and vegetables;*

- fruit and vegetables grown by the PO intended for processing and subsequently transformed into one of the processed products listed in part X of Annex 1 to regulation (EC) No 1234/2007 - by the PO, APO or their members, or a PO subsidiary or through outsourcing - will subject to a flat rate percentage when calculating the VMP as a whole.

## Exclusions

Excluded are:

- Marginal amounts (10% or less) of members' recognised products sold directly;
- Produce which does not fall within the EU fruit and vegetables regime (read section B: Product Coverage);
- Produce for which the PO is not recognised;
- Produce bought from non-members;

[Read Council Regulation \(EC\) 1234/2007 and Commission Regulation \(EU\) 543/2011](#)

[R543/2011 A50](#)

[R1234/2007 A125](#)

- Members' sales of recognised products sold directly to consumers (for example, farm gate, farm shops, farmers' markets and 'pick-your-own' sales);
- Produce harvested and stored but not yet sold;
- Haulage costs from the PO to the consumer\*;
- VAT;
- Any production by a subsidiary company if the PO holds less than 90% shares.

\*Note that haulage costs incurred either in the delivery of the produce to the customer or (where the distance is significant) delivery between a packhouse and point of distribution, are excluded from the cost of marketed production. Haulage (internal and external) is not eligible expenditure in its own right as an item within a programme.

## Point that marketed production is calculated

Marketed Production is taken at the ex-PO stage, which means that it is the value of produce at the point that it leaves the PO. It will include:

- Transport within the PO up to a maximum of 500 miles, for example, conveying the produce from one members' holding to the PO's packhouse packing and preparation costs;
- Harvesting costs, when the produce is in the ownership of the grower or the PO.

The marketed production of a PO is based on the membership of the PO as at 1 January for the year of the operational programme. This figure may be adjusted if members leave the PO during the year.

If a member leaves a PO and joins another, the POs must decide which one will include the member's production in their marketed production figure for that reference period. The member's production cannot be used by more than one PO.

## Reference period used to calculate a PO's marketed production

 R543/2011 A51

The reference period is the annual accounting period of the PO. The period can begin from 1 January three years prior to the start of the operational programme but no later than the last audited accounting period. In all cases the reference period must be included with the application for an operational programme.

Where agreed by the Agency, an average value of the three previous years of accounts may be used.

## Insufficient historical data on marketed production

Where recently recognised POs have insufficient historical data on marketed production, the marketable production provided by the PO for the purposes of recognition shall be used.

[i R543/2011 A51\(5\)](#)

## 'Natural Disaster' provision

If a reduction in value of marketed product has occurred due to reasons outside of the responsibility and control of the PO (for example, hail damage to crops), harvest insurance compensation (to the value of the crop) may be included in the PO's VMP. Where the PO does not have harvest insurance, the value of the marketed production will be evaluated at 65% of the previous reference period's marketed production. POs are reminded that this provision does not apply to any individual member's marketed production but to the PO as a whole. If a PO feels this provision may be applicable to them, they must contact the Agency with details.

[i R543/2011 A51\(4\)](#)

## Importing Produce

POs are permitted to buy in no more than 50% of their produce from other sources (for example, other growers). However, produce bought in from another recognised PO (including those located in another EU Member State) will not count towards the 50% limit. Any produce bought in cannot

[i R543/2011 A26\(2\)](#)

# H Level of financial assistance

be counted towards a PO's marketed production, although it can be counted towards the marketed production of the exporting PO, if applicable.

[R1234/2007 A103d](#)

## General

The Commission has set a fixed level of financial assistance that can be paid towards the PO's operational fund expenditure. Assistance will be paid at either 50% of the eligible expenditure or 4.1% of marketed production, whichever is lower.

An additional 0.5% funding is available for crisis prevention and management measures for POs whose funding is based on 4.1% of their marketed production. Read section L for further details.

## Ways of receiving financial assistance

POs may choose one of three methods to claim assistance payments:

- The total assistance for the year in arrears between 1 January and 15 February of the year following implementation of the programme (section O).
- Quarterly advance payments against provision of security (section P).
- Partial payments in arrears (section Q).

A PO may not submit a mixture of advance and partial arrears claims during the same year. POs must submit an annual claim but quarterly payments in advance or arrears are optional.

## Operating fund estimates

For each year the operational programme runs, the PO must supply definitive details of the PO's marketed production for the reference period, and the estimated operating fund (the expenditure submitted for the operational programme) for the following year, to the Agency or relevant Devolved Administration, by 15 September. In most instances, the Agency will notify

# The Operational Fund

each PO by 15 December of the estimated level of financial assistance that will be available for the following year of the programme.

## General

Operational programmes must be financed by one operational fund. The PO should set up a bank account to hold contributions from its members'. Operational funds must be set up in order for a PO to be able to benefit from Community financial assistance. Financial assistance must be paid directly into the operational fund.

The operational fund must be managed in a separate bank account to the PO's general account (such accounts should be named "[PO name] operational fund account") and must be set up in the country where the PO has its headquarters. The Agency will require evidence to show that a fund has been set up before it will approve an operational programme. For simplicity, it is preferable that a fund is set up to coincide with a PO's application for recognition. The fund should be financed by financial contributions from members or from the PO itself and Community financial assistance, which may be granted to the PO.

The account will need to be available for examination by inspectors or other registered officials, and comprehensive documentation will need to be kept to provide a clear audit trail at all times.

## Purpose of fund

The fund must be used solely for transactions relating to the following:

- Financing an approved operational programme (submitted to and approved by the Agency);
- The administration of the operational programme.

The fund must not be used for any other purpose or financial transaction.

## Members' Contributions

Contributions must be made before payment of aid can be authorised. Members' contributions can be made by taking levy from PO members, one off payments from each member or by using profits made by the PO. This list is not exhaustive and the PO should decide how this contribution is collected before the programme commences. If contributions are collected via member contributions, the PO should ensure that all members contribute equally to the fund. It is not acceptable for member's contributions to be proportionate to the amount of aid received. Differential contributions are acceptable in relation to different produce.

POs do not necessarily have to collect contributions before the end of the calendar year. However, POs should be aware that this may result in a delay

[Read Council Regulation \(EC\) 1234/2007 and Commission Regulation \(EU\) 543/2011.](#)

[R1234/2007 A103b](#)

[R1234/2007 A103b](#)

[R543/2011 A69](#)

in the payment of EU assistance. This is because the Agency can not make payment until they have verified that the PO has raised sufficient funds to finance 50% of the programme.

### Payments from the operational fund

Costs incurred for measures taken under the operational programme must be settled directly from the operational fund account. It is not acceptable for the PO to pay invoices from the general account or for members to settle invoices themselves and then reclaim the costs from the PO's operating fund. If individual members or marketing agents pay for expenditure directly and then seek repayment from the operational fund, this expenditure will be deducted from the annual claim.

In exceptional circumstances and with prior agreement of the Agency, the PO may process some common costs (such as salary payments, VAT or invoices which include both programme and non-programme expenditure) from the general account in the first instance. The PO will be required to justify the need for all such payments, which must be promptly re-credited from the operational fund account, and a clear audit trail must be provided. Each request will be assessed on a case-by-case basis.

### Further information

The RPA is responsible for the administration of these arrangements. If you



have any queries concerning the operational funds or members' contributions to the fund, please contact the Agency or relevant Devolved Administration.

## General

Operational programmes can run for a minimum of three years up to a maximum of five years. They must contain at least two of the obligatory objectives set out in section K of this guidance and adhere to certain requirements set by the European Commission.

The operational programme must have overall objectives that comply with the National Strategy. The objectives are broken down into measures, which are then broken down into actions. The actions must be quantifiable as they must be reported on for each year of the programme. The table at Annex 5 of this guidance details measures, broken down into actions and the relevant output, result and impact indicator. This information is based on the PO's accountancy year and operational year, NOT the reference period being used in that particular reporting year.

POs are allowed to make changes to operational programmes during the year; however these should be kept to a minimum and should only be used for exceptional circumstances. Read section N.

In support of the operational programme, the PO must submit documentary evidence including job descriptions, documentary evidence of any qualifications required to carry out specific jobs, and timesheets with regards to people employed for PO activities.

If a PO is submitting their first operational programme, then they must send in evidence that they are using a separate bank account to handle all transactions for the operational programme including payment of aid (Operational Fund Account).

## Drawing up a programme

Each expenditure item must relate to a specified action and quantifiable targets should be set to show how effectively the implementation of the programme objectives will be measured. POs may use consultants to help with this, but are strongly advised to discuss any proposals with the Agency or relevant Devolved Administration before formally submitting them, as this may help in avoiding problems at a later stage. In drawing up the programme POs will need to demonstrate the following:

- the programme has the full support of all PO members;
- the objectives for the programme are realistic (the PO should not over-stretch itself)
- POs will be able to complete the full course of the programme.

## Ineligible operations

A non-exhaustive list of ineligible operations is set out in Annex IX to

[Read Council Regulation \(EC\) 1234/2007 and Commission Regulation \(EU\) 543/2011](#)

[R543/2011 Annex IX](#)

Commission Regulation (EU) 543/2011. This has been included at Annex 6 of this guidance.

## How to apply for an operational programme

Applications for operational programmes should be submitted on application form FVS3 (available online at [rpa.defra.gov.uk](http://rpa.defra.gov.uk)) to the Agency or relevant Devolved Administration together with supporting information (read below) by 15 September (to commence on 1 January of the following year). Within the total programme duration of three to five years, the implementation and administration of programmes is broken down into calendar year periods. Some items can be carried over from one programme to the next but POs must seek approval of this first.

## Supporting information

The PO must provide the following information in the Annex of the FVS3 form and provide documentary evidence as follows:

### Capital Items

- a description of the item;
- where the item will be located;
- the anticipated cost of the item;
- the number of years that the cost will be spread over (if applicable);
- the planned date of purchase;
- the write-down period;
- whether the item will be used by non-members and anticipated percentage of non-member usage;
- if the capital item is second hand; and
- if the item will be classed as a carry over item to the next programme.

 R1685/2000 Rule No 4

### Staff costs

- number of staff involved;
- working hours - full or part-time;
- percentage of time employed on PO duties for staff employed on both PO and non PO duties;
- if staff are direct PO employees or contracted from members;
- copies of job descriptions/timesheets;
- an example of a timesheet;
- for technical staff, copies of qualifications / professional accreditation required; and
- copies of contracts.

### For contractors

- the name of the contractor firms (if known);
- which operational programme activity is to be contracted out; and
- how the PO will monitor the contract to ensure only eligible expenditure is claimed.

### For promotional activity

- who is to carry it out;
- what it will consist of;
- examples of materials to be used (if possible); and
- explain the basis of the estimated cost.

Note: any visual promotions that are supported in the programme should display the EU logo and include the words 'Campaign financed with the aid of the European community'. Please provide proof copies of any promotional material prior to publication for approval.

### Machinery/improvements to packhouse/grading lines etc

- please state if the machinery will be new or second hand when purchased. If it is second hand please refer to section M;
- an invoice/quote. If the request is based upon an estimate, three estimates or quotes should be obtained;
- where the equipment is located;
- how many members will benefit from this investment;
- details of the equipment to be purchased including the total (if more than one purchased); and
- how will the PO benefit, what will it do.

### Trials/testing/research

- what tests are being carried out and what are you setting to prove/demonstrate/ascertain;
- where tests will take place;
- how the PO benefit from the tests;
- how many members will benefit from the tests;
- a detailed breakdown of costs;
- the quantity and variety of crop to be tested;
- the location of the crop to be tested;
- the frequency of the testing and description of the size/length of the trial; and
- an invoice/quote from the company or three estimates.

### Perennials

- a breakdown of costs and supporting documentation to ensure no

ineligible elements are being claimed for;

- where they will be located;
- an invoice/quote for the items purchased or three estimates.

### Audits

- a full description of all audits to be covered; and
- a detailed breakdown of costs.

### Staff Training

Please provide as much detail as possible regarding staff training. This will help the Agency assess the eligibility of the item.

### Technical advice

- a full breakdown of costs;
- an action plan detailing the regularity and length of these visits;
- copies of contracts; and
- a copy of job descriptions and qualifications if employed by the PO.

### Biological control techniques

- a full breakdown of costs;
- an invoice/quote from the company or three estimates;
- location of the investment;
- quantity of each biological protector and which crop they will be used for; and
- which members will benefit from this investment.

## Application process

The PO must submit all applications for operational programmes by 15 September to take effect from 1 January the following year. The Agency or relevant Devolved Administration will write to POs to acknowledge receipt of applications.

The Agency, in conjunction with the Devolved Administration where relevant, will assess and consider whether the application is complete. If further information is required the PO will be contacted by the relevant department.

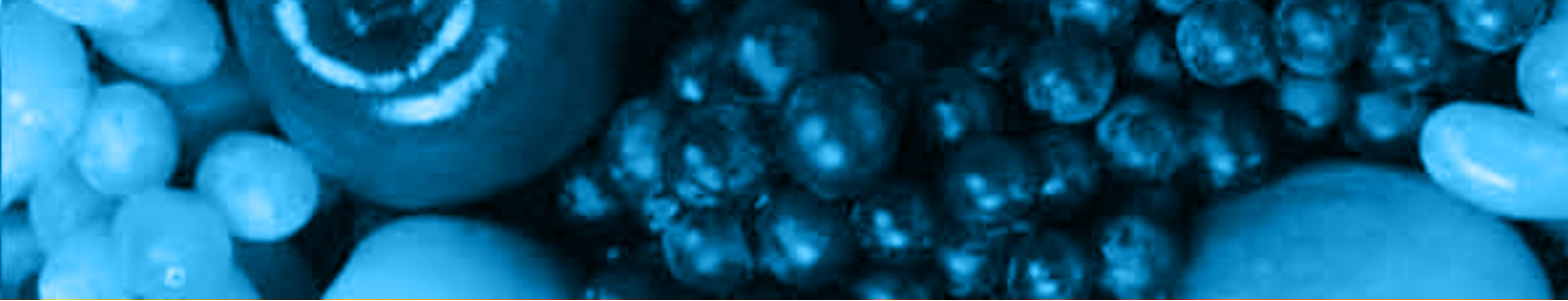
[R1234/2007 A103d](#)

## Approval notification

[R543/2011 A64](#)

This estimate will be based on either 50% of approved expenditure or 4.1% of estimated marketed production, whichever is lowest.

The RPA will contact you with a notification advising that the programme



is accepted together with the anticipated 'ceiling on aid' by 15 December. This is a statement of the maximum assistance you may receive for the next programme year.

Once the PO has been notified of the approval of their operational programme, they may commence implementation from the approved starting date. Expenditure incurred before the start date will not be eligible for assistance unless directly related to the submission of the operational programme or preparatory work, which must commence to allow a specific task to be undertaken early the following year. For example, if a crop needs to be planted in December prior to 1 January in order to be ready for harvest in a particular month of the following year.

## Extending measures over the life of more than one programme

POs may apply from the outset of one programme, to budget the cost of major items over the life of more than one programme. Please contact the Agency and provide details of the item and justification for budgeting over the extended period. Requests will be considered on a case by case basis.

## Organic and experimental production

POs are able to claim EU funding for organic or experimental crop production. Such measures can be funded over the course of more than one operational programme.

If a PO wishes to include experimental or organic production in their proposed operational programme, they should supply a detailed description of the planned production, along with an estimate of costs. Requests will be considered on a case by case basis. Funding will be based upon the difference between organic and conventional costs.

Note: experimental production can include the trialling of new breed of plants;

# K Setting objectives and measures

however plant breeding itself is not eligible for funding under the scheme.

## General

In drawing up the programme the PO should consider how it will meet objectives. Council Regulation (EU) No 1234/2007 requires that programmes contain obligatory objectives.

Additionally a programme must contain two or more environmental actions or at least 10% of the expenditure of an operational programme should cover environmental actions (please also refer to maximum expenditure below).

## Obligatory objectives

A programme must contain at least two objectives from the following list:

- ensuring that production is planned and adjusted to demand, particularly in terms of quality and quantity;
- concentration of supply and the placing on the market of the products produced by its members;
- optimising production costs and stabilising producer prices;
- planning of production;
- improvement of product quality;
- boosting the commercial value of products;
- promotion of the products, whether in a fresh or processed form;
- environmental measures and methods of production respecting the environment, including organic farming; and
- crisis prevention and management.

POs must be able to demonstrate to the Agency, relevant Devolved Administration or any inspection officers how the above objectives are being met.

## Group expenditure into measures

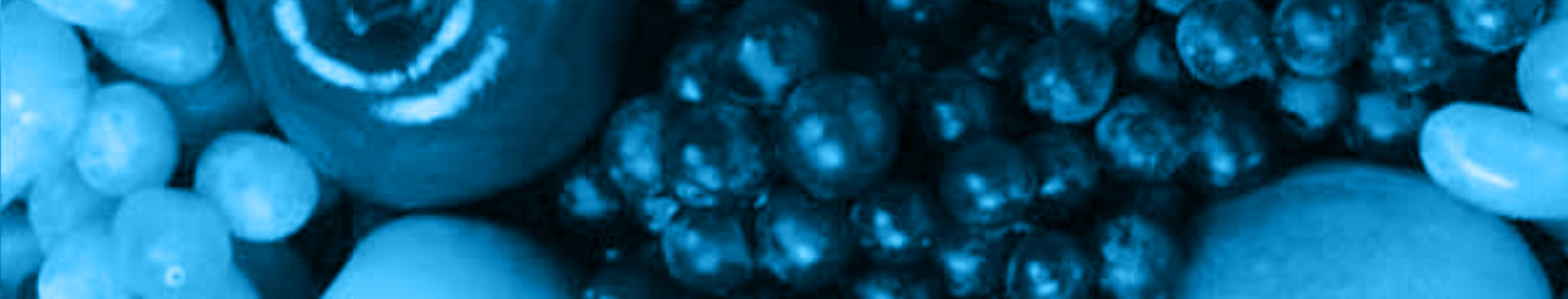
When drawing up programmes POs must group the individual items of expenditure into measures. This will be important when claims are submitted at the end of each year and the PO has to report on each objective.

## Actions

An action is the activity the PO will carry out to achieve the measure and objective. In order for an action to be eligible, more than 50% by value of the products concerned by the action must be those for which the PO is recognised. To be counted in the 50%, products must come from the PO's

[Read also section J – Operational Programmes](#)

[R543/2011A59-60\(3\)](#)



members or members of another PO.

## Maximum expenditure on measures and actions

 R543/2011 A55

The National Strategy sets maximum percentage levels of the fund which may be spent on any individual measure and type of action. This is to ensure an appropriate balance between different measures in any individual programme. No more than 50% of the fund can be spent on a measure per year of the programme and no more than 30% of the fund can be spent on an individual action per year. However, there are exemptions to these limits.

- in certain cases, a specific limit has been set against individual measures detailed in the table at Annex 4 of this guidance;
- for research and development measures may account for no more than 20% of the fund; and
- the limit may be extended subject to the Agency's agreement for major capital investments where there is clear evidence of collaborative or collective value to the PO and its members (for example, pea viners,



# Crisis prevention and management measures

packhouses, storage facilities).

## General

Crisis prevention and management measures can be included in operational programme applied for within the UK.

You may apply to include crisis prevention and management measures within your programme. Expenditure on these measures cannot exceed more than one-third of the operational programme. This includes capital and interest repayments referred to below. Where this measure is included additional funding of up to 0.5% may be available to those POs whose funding is close to 4.1% of their VMP. This additional funding does not apply if a programme is funded using 50% of the programme expenditure, and can only be used for crisis prevention and management measures.

In order to finance crisis prevention and management measures, POs may take out loans on commercial terms. The repayment of the capital and interest on those loans may form part of the operational programme and can be carried over to a subsequent programme on duly justified economic grounds. POs can also finance these measures directly, however only one method of finance can be used.

## Promotion and communication

This is an additional amount of funding to be used in times of crisis, over and above any promotion or communication already within the operational programme. This measure cannot be used to promote products where a lack of planning on the part of the PO has resulted in large volumes of produce being available.

## Training

Training to deal with a crisis measure, over and above any training already included within the programme.

There is no definitive list of training courses that are eligible under this measure as yet. POs should provide the Agency with details of training courses or measures for consideration.

## Harvest Insurance

Harvest insurance must be managed by the PO. It does not have to cover all members and can be targeted at specific members of the PO. The insurance

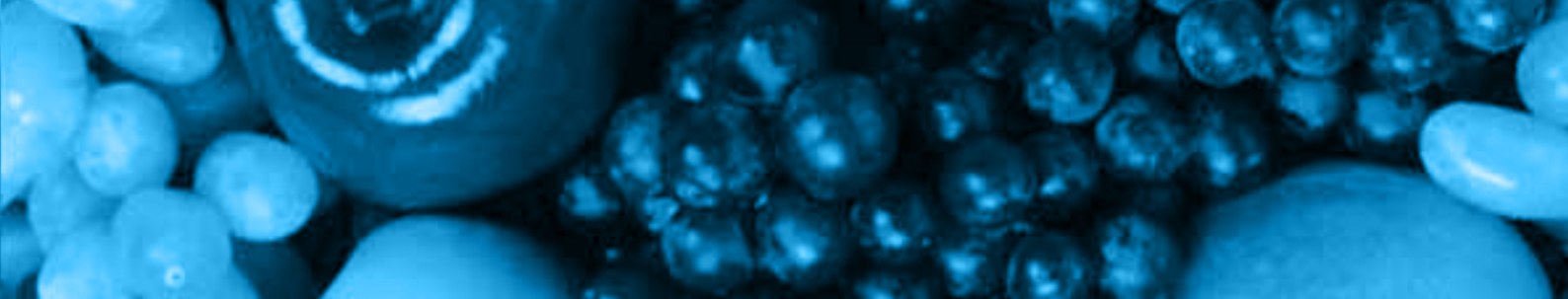
[Read Council Regulation \(EC\) 1234/2007 and Commission Regulation \(EU\) 543/2011](#)

[R543/2011 A86](#)

[R543/2011 A87](#)

[R543/2011 A88](#)





policy must be with a commercially recognised insurance firm.

50% of the premium is eligible for aid if the policy covers the PO for losses as a result of:

- adverse climatic events, which can be assimilated to natural disasters. This means weather conditions such as frost, hail, ice, rain or drought which destroy more than 30% of the average of annual production of a given farmer in the preceding three-year period or a three-year average based on the preceding five-year period, excluding the highest and lowest entry; and
- animal or plant diseases or pest infestations.

Funding cannot be claimed for this measure if the insurance payment compensates for more than 100% of the income loss suffered. This provision also takes into account any compensation that may be received from other support schemes related to the insurance risk.

 R1857/2006 A2(8)

## Mutual Funds

POs may apply for support for the administrative cost of setting up mutual funds. The support may be applied for in the first, second and third year of operation of the mutual fund and will be funded at 5%, 4% and 2% respectively of administration costs **however where a PO only asks for support in the second or the third year of operation of the fund, the support shall be 4% and 2% respectively.**

 R543/2011 A90(2)b and A90(3)b

Note: this support can be claimed only once within the first three years of the operation of the fund.

# M Operational Programmes – particular conditions

## Relationship with Rural Development Programmes (RDP)

Support for environmental actions, other than the acquisition of fixed assets, must be limited to the maximum amounts laid down in the Annex to Council Regulation 1698/2005 for agri-environmental payments. This is currently set at €600 per hectare for annual crops and €900 per hectare for perennial crops. The application for an operational programme will ask for acreage for each crop and this information will be requested annually from each PO. The maximum funding will be calculated and if a PO exceeds this figure the Agency will advise accordingly.

**i** R543/2011 A58

## Environmental Actions

A list of environmental actions can be found at Annex 5 of this guidance. This list is non-exhaustive and other actions can be considered. The Agency or Devolved Administration will look at each programme and decide if the actions identified can be classified as environmental or whether they are more suited to other types of measures. For example the building of a cold store cannot be classed in its entirety as an environmental action however certain elements of the build may be included such as the installation of refrigeration units that use environmentally friendly gases.

In the case of environmental actions that reduce fuel, energy or water usage or prevent emissions into the air, water or soil, the PO must provide an attestation from an independent body of the reduction to be made as a result of the investment. If the reduction is solely for one of these measures then the reduction must be at least 25%. If the action also leads to another environmental benefit, (for example, the purchase of a new machine may reduce fuel consumption and CO<sub>2</sub> emissions) the water/fuel/energy reduction can be reduced to minimum of 10%.

The attestation you provide will be sufficient to guarantee the saving and the action will not be subject to any spot checks. You will be expected to report savings in your annual report and provide explanations if the savings are not made. Should the saving fall below the minimum 10%, funding (over the lifetime of a programme) may be recovered.

## Capital items

Capital items include equipment, machinery, buildings, land (for development only), facility construction/installation and refurbishment work. Capital items may be paid for in full at the time of purchase in which case the total cost could be eligible for funding at that time. Alternatively payment of capital items may be spread over a period of time, for example, loans, hire purchase or leasing agreements. Funding could then be paid on the amount of repayment made within each programme year. Taxes, interest charges, insurance, arrangement and operating costs are not eligible.

**i** Certain items within an operational programme are subject to additional conditions as set out below  
Read Council Regulation (EC) 1685/2000 and UK Statutory Instrument 1992/314 (The Common Agricultural Policy [Protection of Community Arrangements] Regulation 1992)

If the payment of capital items is to be spread over more than one operational programme it must be on clear and duly justifiable economic grounds. Any capital items purchased prior to the start of a new operational programme are not eligible. All such arrangements must be submitted and approved as part of the operational programme. Please note the Agency will continue to carry out checks on capital items after completion of an operational programme. If land is sold or leased to another party and conditions are breached funding will be recovered, interest and penalties will also be applied where applicable.

A Capital Assets register must be completed when applying for an operational programme and subsequently on a yearly basis. The register should include the item, year purchased, depreciation value and its location. This will provide inspectors with the necessary information when completing an on the spot check. If a capital asset is moved from one location to another, there is no need to inform the Agency at the time, this can be updated on a yearly basis.

## Payment for Services

Payments must be made directly by the PO, not by individual members. It is not acceptable for a PO member to pay for a service and then reclaim this back from the PO. This includes those services such as storage and packhouse costs.

## Second-hand Items

Second-hand equipment will only be eligible for funding if supporting documentation is supplied to the Agency that provides a clear auditable trail. All supporting documentation supplied must comply with rule 4 of Commission Regulation (EC) 1685/2000 in particular:

- no funding has been received on the equipment which is either National or Community in the last seven years. The PO must provide written confirmation, invoices and a declaration from the seller to the buyer (PO).
- The price of the equipment must not exceed its market value and cost should be less than that of similar new equipment.
- The equipment must be able to perform the technical requirements necessary for the operation and must comply with the applicable standards.

Approval cannot be provided for funding on second-hand equipment without the relevant information.

## Re-usable crop covers

Horticultural fleeces may extend the cropping season by encouraging both early and late crops, reduce pest grazing, and sometimes reduce wind damage.

As part of production planning, fleece purchase may be considered as the purchase of a capital asset of the PO where they are clearly used for a number of crops and seasons. Floating films are inappropriate to fund as there is a low level of re-use with films.

Where fleece is purchased the PO should forecast what the effect on the cropping for the PO will be in terms of its intended change in crop volume or value. Also indicate what the change in the total area cropped under cover will be for each crop.

## Hiring Equipment

Where possible, the agency encourages POs to purchase its own equipment. However, the hiring of equipment may be acceptable in duly justified circumstances.

Where hiring of equipment within a PO takes place, the Agency or Devolved Administration must be informed prior to any agreements being entered into. In all circumstances, there must be a clear economic justification for the decision and the PO will be required to provide evidence that the costs involved are at market rate or lower. In any event, the PO's action must be transparent, ensuring there is no double financing or member dominance within the PO. Each request will be looked at on a case by case basis.

## Usage of capital items

Operational programmes are approved on the understanding that POs will obtain long-term benefits from any capital items purchased. Disposal of capital items constitutes an unauthorised change to the approved programme. Capital items should be depreciated in accordance with normal company policy. RPA assumes a write down period of 20% per annum or five years. However, in the case of fruit trees, this is set at eight years. The Agency has the right to recover any aid paid on capital items if sold by the PO or leased to another party (including its own members) before or after the end of the programme. Most equipment will have considerable market value at the end of the depreciation period which is finally realised when equipment is traded in and/or scrapped. The Agency may recover 50% of any profit made from the sale or lease of such assets. The Agency will not seek recovery if profits are used to finance the operational programme in addition to EU funding. However, POs cannot use these profits as members' contributions to the operational fund or repay the profits back to individual members. The amount of aid to be recovered will be calculated by the Agency and will include any interest accrued on such items. **'The PO must ensure any equipment funded under the scheme is used by the PO more than 50% by value of the products it is recognised for. To be counted towards the 50%, the products must come from the PO, another PO or an APO.'**

 R1685/2000 Rule 1(1.5)

A capital item should be at the disposal of all members of the PO, and the Agency must be informed, on a yearly basis, of the location or any changes to the long term location of the item. If a PO receives any money for an item, such as hiring costs paid by a non-member, these must be paid into the operational fund account, this will continue to apply following the end of the write-down period on the item.

## Replacements for investments

In cases where equipment (which has previously been funded by the EU) needs to be replaced, any outstanding value of the item to be replaced is either added to the PO's operational fund, or deducted from the cost of the replacement.

If a PO requires a replacement item, it should be indicated on the FVS3 or FVS4 (read section J) along with a notation to show whether the outstanding value will be added to the operational fund or subtracted from the cost of the replacement.

## Land purchase

Funding may be paid on an area of land required for a building or installation that is part of an operational programme. If, however, a larger plot of land is purchased, funding will only be paid in proportion to the amount required for the purposes of the programme. The cost of the land should not be more than 10% of the total eligible expenditure for the measure. In addition, land purchased must remain in the ownership of the PO for a period of at least 10 years.

[i R1685/2000 Rule 5](#)

Conditions will apply to each case of land purchase and details will be finalised at the time of approval of an operational programme.

## Purchase of real estate

POs may claim EU funding for the purchase of real estate, that is buildings already constructed and the land on which they are built, however the PO must ensure they can provide the Agency (if requested) with:

[i R1685/2000 Rule 6](#)

- a certificate obtained from an independent valuer or duly authorised official body confirming that the purchase price does not exceed the market value;
- proof to show that the buildings either conform to national regulations or highlight the points which do not conform to regulations and will need to be rectified by the PO; and
- evidence that the building should not have received any national or Community funding in the previous 10 years.



The real estate can only be used for the purpose specified by the PO (in conformity with the objectives of the operation) and should normally remain in the ownership of the PO for a period of at least 10 years. However, if real estate has been previously purchased using Union or national support within a 10 year period it is excluded from funding under the scheme.

## Staff costs

The eligible costs for staff approved under the programme are limited to gross salary costs (including PAYE), National Insurance contributions (both employers' and employees' contributions), company pension (non-contributory element). Holiday pay may be included; however payment in lieu of holiday not taken is not eligible under the scheme. Other staff costs and employment benefits may not be claimed. This restriction applies both to staff directly employed by the PO and also to specialist staff sub-contracted to provide services to the PO on a continuous on-going basis. Sick pay, maternity pay and bonuses are not eligible and the Agency reserves the right to consider reviewing the eligibility of pensions.

The records required to support staff costs are job descriptions, timesheets (where staff are not employed 100% on the programme), and payroll records. Additionally for staff sub-contracted to work for the PO (specialist staff), the contract or agreement between the PO and agent detailing the services to be provided must be available, and the invoices for sub-contracting costs must identify the eligible and ineligible elements (such as commission and overheads). All staff costs must be clearly explained with supporting documentation. The use of general headings such as 'management time' will not be acceptable. If accurate time sheets and any necessary supporting documentation are not maintained then funding will not be paid on these costs.

## Specialist services

Where the PO purchases specialist services, that is a one-off action to perform a specific task, this is not considered to be a sub-contracted cost and is eligible for funding. Supporting invoices should identify the services provided and a breakdown of the costs accordingly to enable full verification.

## Administration costs

Funding will be payable for management, administration and implementation costs of the operational programme up to a limit of 1% of the operational fund or €90,000, whichever is lower.

## Tax costs

Apart from NIC, other taxes are not eligible for funding. These include VAT, Landfill tax and taxes incurred by grower members in other Member States. However, PAYE is eligible as part of an employee's salary (read also Staff costs).

## Transportation costs

Transport costs will be financed where they are seen to provide consideration and care for the environment that is transport via shipping or railway to avoid road congestion and pollution problems. The costs paid under the scheme will be the extra costs incurred over the cost of transporting produce by road. All other transport costs (internal and external haulage) are ineligible. However, the actual purchase/hire/lease of a refrigerated vehicle (atmosphere controlled) is eligible.

## In the event of a member leaving the PO group

It is important that the PO has written agreements to recover investments or the value of investments in the event that a member leaves the PO group. If a member leaves the PO, they should return any capital investments to the PO. However if this is not possible for any reason an agreement must be reached for the member to retain the item but reimburse the PO for its market value. The Agency will recover funding paid on the item, taking into account the write-down value if applicable.

# N Approved operational programmes – obligations and the need to vary

## General obligations for a PO once a programme has been approved

POs should let the Agency or relevant Devolved Administration know of any difficulties that are encountered during the programme implementation as they arise.

POs should keep the programme under constant review. It is expected that POs will review the content and estimated costs for future years of the programme (read below).

 Read Council Regulation (EC) 1234/2007 and Commission Regulation (EU) 543/2011

## Double Financing Requirements

All POs must sign a declaration confirming that neither the PO nor its members have previously received, or are claiming, community, national or regional funding, either directly or indirectly, on any measure within the approved operational programme. The agency will carry out checks to ensure there is no evidence of double financing.

## Changes to an approved programme

### Changes to future years

The content of a programme can be reviewed and the PO is required to make an estimate regarding costs for future years of the programme. A request to change the programme to take account of any new conditions which could not have been foreseen when the programme was initially presented must be made on application form FVS4. All requests for changes for future years of the operational programme must be received by the Agency or the appropriate Devolved Administration by 15 September, and must be accompanied by full supporting documentation justifying the changes requested.

The changes must not differ significantly from the original programme and objectives that were agreed initially. All changes must reflect the baseline indicators provided and be quantifiable using the reporting indicators.

Formal notification of approval or rejection of the changes will be sent to the PO by 15 December.

### In-year changes

In-year changes to the operational programme which may be allowed are:

- the implementation of only part of the operational programme;
- changes to the contents of the operational programme including the extension of its duration up to a total of five years;



- changes to the amount of the operational fund up to a maximum 25% of the amount initially approved provided the overall objectives of the programme are maintained.

POs must normally obtain the approval of the Agency before implementing any changes (read 'When and how to request changes to programmes' below).

## When and how to request in-year changes to programmes

### In-year

POs can apply to make changes to their operational programmes in-year. All such changes are subject to certain limitations and conditions. Changes require prior approval from the Agency to ensure overall objectives are maintained. As POs now have to provide quantifiable targets on the success of measures and the overall objectives of the programme it is not possible to amend programme measures significantly. In-year amendments should be the exception. Programmes should be robust and well thought out without being speculative.

### For prior approval

POs need to apply to the Agency in writing on form FVS7 giving details of any proposed in-year changes. If a change to an action is purely financial but exceeds 15% of the approved funding for that action, an FVS7 must be completed. The operational fund expenditure cannot exceed 25% above the approved cost for that year. The Agency must be notified in **writing on form FVS7** before a change is implemented. The Agency will then notify its decision upon whether expenditure is eligible within a further 15 working days.

### Without prior approval

Monetary changes **ONLY** may be implemented without prior approval from the Agency or relevant Devolved Administration, provided the change does not exceed a maximum of 15% of the initially approved funding for the action. The change must be purely financial, for example the cost of a piece of equipment has risen substantially. If there is a change to the specification of the action in question, then prior approval must be sought.

The 15% tolerance level has been set for all POs whereby deviations in the actual costs of individual operational programme action need not be informed to the Agency until the 'Annual Claim' stage. This is conditional on the content of the action remaining as originally approved and on an explanation of the change being submitted with the annual claim.



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## Decreasing approved costs

POs must also utilise the in-year change facility to offset reductions in costs against increases in costs. For example: if a PO has an approved cost at the beginning of the year of £100,000, they would be permitted to increase their programme in-year by up to £25,000 (25% of £100,000). However, if they decreased the costs on a particular measure by £5,000 and wish to use this funding against another action, an FVS7 must be completed.

## General

Applications for aid must be received by the Agency no later than 15 February of the year following the programme year. Applications must be accompanied by an annual report and cannot be accepted where this is not supplied. Where applications are received late, the total aid for that year will be reduced by 1% per day.

If an annual payment request is not submitted, any funding paid during the year will be recovered.

 [Read Council Regulation \(EC\) 1234/2007 and Commission Regulation \(EU\) 543/2011](#)

## How to apply

POs can apply for aid by submitting form FVS6. A copy of this form is available on the RPA website at [rpa.defra.gov.uk](http://rpa.defra.gov.uk).

POs are required to supply the following information in support of applications:

- value of Marketed Production. This will already have been verified by an inspector earlier in the year
- financial contributions levied on its members and those of the PO itself;
- expenditure on the operational programme paid for from the operational fund;
- expenditure on crisis prevention and management broken down by actions (the proportion of the operational fund spent on crisis prevention and management, broken down by actions);
- proposed Carry Over items. These include any measures for which a PO is unable, due to exceptional circumstances, to implement by 31 December but will complete and pay for by 30 April;
- an annual report (form FVS5). This will detail objectives broken down into measures financed from the operational fund.

 [R543/2011 A107](#)

If the application is in respect of the final year of the programme then a final report must be submitted:

- a written undertaking that the PO or its members have not received any duplicate Community funding in respect of measures/operations carried out under this scheme. (This statement is included in form FVS5);
- an equivalent contribution from the PO remains in the operational fund.

## Retention of other documents for verification and audit

POs and their members are required to keep all commercial documents for at least three years from the end of the year in which they were drawn up. Commercial documents are defined as all receipts, books, registers, vouchers and supporting documents, accounts and correspondence used.

Records must be made available for inspection by any person nominated by the Rural Payments Agency or the European Commission for verification and audit purposes.

## Calculation

Payment is based on the lesser of 50% of operational fund expenditure or 4.1% of the verified Value of Marketed Production (VMP). This figure may be increased up to 4.6% where additional funding on crisis prevention and management measures has been approved.

Payment will be authorised up to a maximum of 25% over the initially approved aid amount provided the PO has submitted form FVS7 for additional expenditure and received approval from the Agency. Increases in expenditure to individual items up to 15% may be authorised.

The final payment will be offset against any payments made in respect to advance or arrears quarterly claims that have been made during the year. (Read sections P and Q).

## Payment

Payment will be authorised as soon as the Agency is satisfied the requirements of the scheme have been met and that the accuracy and completeness of documents have been verified by the Agency's Inspectorate. If the Agency requires additional documents POs will be contacted in good time.

In normal circumstances the Agency will make payment 28 days following satisfactory verification of the claim and all supporting data. The regulatory deadline for making payments is 15 October.

Note: If a PO has received a higher level of assistance than allowable, an invoice will be issued for the recovery of overpaid amounts.

# Advance payments and Securities

## General

POs may request an advance payment for each quarter during the first month of the quarter concerned.

Total advance payments made for a given year cannot exceed 80% of the initially approved amount of aid for the operational programme.

[Read Council Regulation \(EC\) 1234/2007 and Commission Regulation \(EU\) 543/2011](#)

[R543/2011 A71](#)

## How to apply

POs can apply for aid by submitting form FVS6. A copy of this form is available on the RPA website at [rpa.defra.gov.uk](http://rpa.defra.gov.uk).

To qualify for an advance payment you must be able to show:

- you have collected the operational fund levies from your members;
- the corresponding PO contribution has been spent; and
- any previous advance payments have been spent.

The VMP must be verified prior to any payments being released.

## When to claim

Applications may be made for the following quarters:

- 1 January – 31 March
- 1 April – 30 June
- 1 July – 30 September
- 1 October – 31 December

[R5438/2011 A71\(2\)](#)

The claim must be submitted during the first month of a quarterly claim, for example, for the quarter January to March, the FVS6 must be submitted within the period 1 to 31 January or the claim will be rejected. It must be based on estimated expenditure of what is likely to be incurred for the items, including quotes from anticipated suppliers and must be signed by an authorised signatory.

## Security

Requests for advance payments must be accompanied by a security equal to 110% of the sum advanced. Securities may be lodged by block guarantee, single transaction guarantee, cash or cheque. Full details are available on request from the Agency's Guarantee Section.

[500 North Gate House  
21-23 Valpy Street  
Reading  
RG1 1AF  
Telephone: 0118 968 7187](#)

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## Proof of expenditure

An advance payment cannot be authorised until expenditure from the previous advance payment has been fully used and verified by an RPA inspector.

[i R543/2011 A71\(3\)](#)

## Release of securities during the year

Applications for release of security may be submitted using form FVS10. We will release up to 80% of the security covering an advance payment when the quarterly claim for payment has been finalised and the FVS6 form has been approved.

[i R543/2011 A71\(4\)](#)

Any application for release of furnished security lodged against a previous advance payment must have no bearing on the security required for the current claim. Before a release of security is actioned any expenditure from the previous advance payment has been fully used and verified by an RPA inspector.

The remainder of outstanding security will be released on verification of the annual claim.

# Payments in Arrears



## General

As an alternative to advance payments, POs may request payments in arrears against actual expenditure from the operating fund for implementation of operational programmes. Requests for payment in arrears may be submitted at any time, but no more than three times in any given year. You may only claim expenditure that has been paid and has cleared the Operational Fund Account.

[Read Council Regulation \(EC\) 1234/2007 and Commission Regulation \(EU\) 543/2011](#)

[R543/2011 A72](#)

## VMP

VMP figures must be verified prior to any payments being released. This verification may take place in advance of the first claim being submitted or during the first payment inspection.

[R543/2011 A107](#)

## How to apply

POs can apply for aid by submitting form FVS6. A copy of this form is available on the RPA website at [rpa.defra.gov.uk](http://rpa.defra.gov.uk).

## How much may be claimed

All arrears payments will be limited to 80% of the total expenditure claimed.

[R543/2011 A72](#)

The Agency will check that the total payments in arrears claimed during the year do not exceed the relevant ceiling. If the total amount claimed exceeds this ceiling, your claim will be reduced to the amount available after the ceiling has been applied.

## Proof of expenditure

On receipt of an application for payment of aid, the Agency will arrange for an inspector to visit the PO to verify the expenditure claimed. Payment will be made as soon as possible after receipt of the inspector's verification report.

# R Recoveries and sanctions

## General

The amount of money recovered by the Agency will vary according to the PO's degree of non-compliance with the regulations. Examples of scenarios where the Agency may recover aid paid, including sanctions and interest as described below, are:

- the value of marketed production verified is found to be less than the amount declared by the PO and used to calculate aid;
- the operating fund of the PO has not been maintained in accordance with the regulation or has been used for purposes other than the funding of the operational programme;
- the operational programme has been implemented in a manner which differs from the programme originally approved by the Agency.

[Read Council Regulation \(EC\) 1234/2007 and Commission Regulation \(EU\) 543/2011](#)

[R543/2011 A117](#)

## Recovery of aid and sanctions

If it is necessary to make an adjustment to the amount of aid claimed, the Agency may need to recover aid paid, reduce the amount of aid the PO is entitled to and if appropriate apply interest and sanctions:

- if the difference between the amount claimed and the amount found to be eligible is less than 3%, the eligible amount will be paid and no sanction will apply. For example, claimed £100,000, eligible £98,000 (3% of £98,000 = £2,940). The amount over claimed is £2,000 therefore the amount payable is £98,000.
- if the difference between the amount claimed and amount found to be eligible is more than 3% then the eligible claim will be reduced by the amount overclaimed. For example, claimed £100,000, eligible £90,000 (3% of £90,000 = £2,700). The amount to be paid will be £10,000 less than claimed plus a £10,000 penalty, therefore the amount payable is £80,000.

[R543/2011 A123.1\(a\) and \(b\)](#)

[R543/2011 A117.3](#)

Note: an overclaim could also result in an invoice being raised:

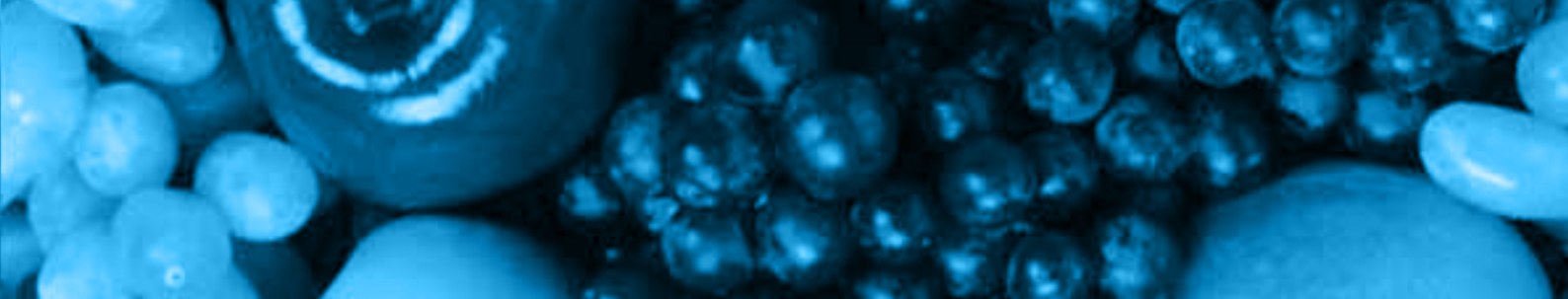
- in cases of obvious error, to reimburse the amounts unduly paid out, plus interest;
- if a beneficiary is found to have committed fraud in respect of aid covered by Regulation (EC) No 1234/2007 (without prejudice to any other sanctions and penalties applicable under national legislation) recognition will be withdrawn, the application or operations concerned will be excluded from the support under the operational programme, any aid already paid from that operation will be recovered and the PO or APO will be excluded from support under the operational programme during the next year;
- if a PO prevents an Inspector from making an on the spot check, the application for aid will be rejected.

[R543/2011 A117\(3\)](#)

[R543/2011 A115\(1\)](#)

[R543/2011 A122](#)





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## Interest and Penalties

These will be applied to any support payment discovered to be unduly paid. The interest will be based on the period elapsing between payment and reimbursement and the European Central Bank rate in force on the date of undue payment, plus three percentage points.

 [R543/2011 A123](#)

# S National Strategy for Sustainable Operational Programmes and National Environmental Framework

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Responsibility for the National Strategy for Sustainable Operational Programmes and National Environmental Framework lies with Defra.

To assist POs in completing their programmes, copies of the actions tables from both the National Strategy and the Environmental Framework have been included at Annexes 4 and 5 of this guidance.

# Summary of obligations on individual members

## Minimum length of PO membership

The minimum membership period for producers under the scheme is one year. However, POs are entitled to require a longer commitment to membership; for example POs may require a commitment for the duration of the operational programme. Details of this period must be included in the membership agreement.

[i](#) The following is an outline of the main requirements: the list is not exhaustive

[i](#) [R543/2011 A22](#)

## Minimum period for notice of resignation

Resignation of membership must be notified to the group in writing no later than 30 September to take effect on 1 January of the following year. However, POs are entitled to require a longer period of notice and details of this must be included in the membership agreement.

[i](#) [R543/2011 A22](#)

## 100% marketing commitment

Producers must agree to market 100% of their crops for which the PO is recognised (excluding the exceptions given at section C, 'Exceptions to the 100% marketing commitment').

[i](#) [R1234/2007 A125a](#)

## Record keeping

Members must keep records of sales of produce, which do not go through the PO, and make them available to the PO. The PO must also monitor and control the amount of produce which it allows members to sell directly, because breaches may place the recognition of the entire PO at risk.

## Inspection visits

Agency, Devolved Administration or Commission inspectors may carry out a tracer visit to a member's holding, either to inspect an item funded by the scheme or to examine paperwork supporting the scheme. Access must be granted to authorised officials at all reasonable times, with or without prior notification.

[i](#) [R543/2011 A122](#)

If a PO, the member or the relevant representative prevents an inspector from making a check, the application for aid will be rejected.

# U Inspections and assessments

## General

On receipt of an application for recognition, a request for release of security or a claim for payment, the agency will arrange for an inspection visit to the PO in order to carry out specific checks on one or more of the following aspects of the programme.

To ensure that:

- the operational programme actions are being implemented in accordance with the approved operational programme;
- no ineligible expenditure has been claimed;
- the operating fund contributions are being collected as stated by the PO and the operating fund is being administered correctly;
- satisfactory records are being maintained (read section W);
- no duplicate Community, national or regional funding is being received, directly or indirectly, for any actions qualifying for Community funding under these arrangements;
- the PO has collected enough contributions to cover the PO's proportion of the previous years' expenditure (read section I).

To verify:

- the actual expenditure figures for the operational programme. This is the amount actually paid by the PO during the quarter and the amount has been incurred during the current programme year;
- the declared marketed production and marketed quantity figure.

To check:

- the accuracy of the information supplied with the payment request;
- the records maintained by the PO are accurate.

\*Note that checks carried out by the Fresh Fruit and Vegetables Section are pre-payment.

## Right of entry

Whilst the PO will usually receive notice of when the inspection is due to take place, on occasion a visit may be carried out on an unannounced basis. Access must be granted to authorised officers at all reasonable times whether or not prior notification has been given. If a PO, the member or the relevant representative prevents an inspector from making a check, the application for aid will be rejected.

**i** Read Council Regulation (EC) 1234/2007, Commission Regulations (EU) 543/2011 and 103/2004 and UK Statutory Instrument 1992/314 (The Common Agricultural Policy [Protection of Community Arrangements] Regulation 1992)

**i** R543/2011 A122

## Following receipt of the inspection report

Provided the inspection visit is satisfactory, the PO will be notified of the outcome and security will be released or payment made as appropriate. If the inspection visit finds that the actions of the operational programme are not in accordance with those approved, or that double financing has been received for these actions, the Agency will impose penalties on the PO (read section R). Further payments may not be made until the PO has taken corrective measures specified by the Agency.

## Technical assessments

Technical assessments are sought on applications for new or amended programmes.

All programmes will be subject to a technical assessment in the final year of the programme to validate the reports submitted by the PO. This is to ensure the PO has adhered to the agreed programme and to observe the benefits obtained by the members.

Annual reports may also be selected for an assessment.

In addition to a review and understanding of the measures proposed, the economic and commercial viability of the proposals are considered. A report on the PO will be completed and returned to the agency or relevant Devolved Administration.

## Inspections on capital items

If POs have capital items with a write-down period which continues after the end of the operational programme, the item may still be subject to an inspection even if the PO decides not to continue with the scheme. If any inaccuracies are discovered during an inspection or it is found that the item has been sold, recoveries against the PO may be made.

# V Summary of obligations on the Agency

## Decisions on recognition

A PO can apply for recognition at any time of the year. The Agency or relevant Devolved Administration is obliged to make a decision on the recognition of a PO within three months of receipt of the application and all supporting documentation by the PO. However, applicants should be aware that the deadline to submit an application for recognition accompanied with an operational programme is 15 September, to commence on 1 January the following year.

## Decisions on operational programmes

Once the PO has submitted a proposal for an operational programme, the Agency will inform the PO of the approval or rejection of the proposal within three months, or by 15 December at the latest.

## Deadlines for payments

All payments should be made by the Agency within 28 days of receipt of the final part of the claim process. This will be the claim form, any necessary supporting documentation or an inspection report/technical assessment.

The regulatory deadline for payment of annual claims has been set at 15 October.

## Decisions on in-year changes

The Agency will provide a decision on any proposed in-year changes to operational programmes within 15 working days of receipt of form FVS7 and all supporting documentation.

**All requests for in-year changes MUST be submitted on the appropriate FVS7 form along with all supporting documentation (read section N).**

## Submission of annual statistical returns to the Commission

The Agency is responsible for submitting an end-of-year report to the Commission each year. This is compiled using figures gathered over the previous year, and also from details given to the Agency from POs on their Annual Statistical Return (form FVS9). The Commission uses this information for monitoring purposes.

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## Assistance with general queries

If a PO has a query on any aspect of the scheme, the Agency or Devolved Administration (where relevant) will be happy to help, but reserve the right to ask that any query be followed up in writing, either by letter, fax or e-mail, and the Agency will strive to respond to the query within 15 working days of receipt. On some occasions, it may not be possible for a response to be compiled within 15 days, but on these occasions a holding reply will be sent out to the PO, offering a date by which a full answer could be expected.

The Agency will be happy to meet with the PO if this is required, however, we will require the PO to make a prior appointment.

It should be noted that any assistance given by the Agency is in the nature of providing clarification where possible and is not to be regarded as a substitute for independent advice such as would be obtained from a professional advisor or consultant. The Agency accepts no responsibility for any assistance given and independent advice should be sought if a PO requires it.

## Assistance to claimants

The Agency is committed to providing a consistently high quality service valued by our customers. If you have any difficulties in accessing information from the Agency, please contact RPA or either of the Devolved Administration at the addresses given at Annex 3 of this guidance.

# W Summary of obligations on recognised POs

## Continuing requirements to meet basic scheme criteria

As recognition is based on the PO meeting certain criteria, it must ensure it continues to do so if it is to retain recognition status. The Agency and relevant Devolved Administration will monitor membership and turnover data submitted by POs as part of their Annual Statistical Returns and the Agency will make regular inspection visits. Care needs to be taken to ensure that membership and turnover does not fall below the minimum requirement in any given year. In the event of problems, POs should notify the Agency or relevant Devolved Administration immediately.

*i* The following is an outline of the main requirements: the list is not exhaustive

## Resignation and recruitment of PO members

POs are required to inform the Agency or relevant Devolved Administration, in writing, of the resignation of any PO member. POs will be requested to provide the Agency and Devolved Administration with a copy of the resignation. Members are required to resign by 30 September to take effect from 1 January the following year. The PO should inform the Agency as soon as possible before this date.

*i* R543/2011 A22

Similarly, POs must inform the Agency or Devolved Administration of the recruitment of new members. POs must provide a copy of the signed Members' Agreement together with details of the member's full name and address, produce marketed and acreage committed to the PO.

A member may join the PO at any point during the year however their marketed production (MP) cannot be counted towards the PO's marketed production until the following years programme. If the member joining has previously belonged to another PO we must have confirmation that the MP figure has only been used once as it can only be included in the total MP of one PO.

## Problems with implementing an operational programme

POs must let the Agency or relevant Devolved Administration know of any problems they may have with implementing their operational programmes. Failure to do so could cause problems for the PO at a later stage.

Early notification allows all parties to identify possible solutions, at an early stage, with which to assist the PO in its completion of the programme.

POs are under obligation to complete programmes. In certain limited circumstances and only with the prior approval of the Agency will POs be allowed to terminate programmes before the agreed duration.



## Reporting Requirements

POs are required to complete an Annual report which will include details of the PO's activity during the previous calendar year. Failure to complete accurately may result in penalties, which may include withdrawal of recognition. POs will also be asked to provide a report at the end of each year showing the actual expenditure on each item, compared to the approved costs, with an explanation of the difference. In addition, at the end of the final year of the programme, a final report must be submitted giving an evaluation of how the programme has achieved the objectives set out in the proposals. Failure to supply the required documentation or provide incorrect information may lead to suspension of recognition until the situation is resolved.

 R543/2011 A96(1), A96(5)

## Record keeping

Members must keep records of sales of produce, which do not go through the PO, and make them available to the PO. The PO must also monitor and control the amount of produce, which it allows members to sell directly, because breaches may place the recognition of the PO at risk.

POs are required to maintain supporting paperwork for an entire programme for three years after the completion of the programme.

## Record details

For the purposes of this scheme, records must be kept by POs of expenditure eligible for financial assistance. These records must be sufficiently detailed to fully confirm specifics of that expenditure, and should include:

- amounts and dates of expenditure incurred under the operational programme, by measure and action;
- amounts and dates of other expenditure from the operating fund;
- details of marketed production;
- details of payments into, and expenditure from, the operating fund.

## Record keeping systems

POs' record-keeping systems must allow information to be provided on the basis of the calendar year (for operational programme expenditure) and on the basis of the marketed production reference period (for marketed production).

The records must be supported by original documents including:

- itemised invoices;
- contracts, agreements and specifications for sub-contractors;
- studies, reports and surveys;
- promotional material;

- bank statements;
- grower statements, with details of the contribution collected from members to fund the programme;
- salary details, payroll details, job descriptions and time-sheets for staff employed on operational programmes; and
- any other relevant supporting documents as appropriate.

These documents must include sufficient information to be clearly attributable to the individual measures and items within the operational programme.

## Availability of records

Records must be made available on request for examination or audit by any person acting on behalf of the Agency or EU Commission.

Where the PO has employed subcontractors (such as a marketing agent) to implement part or all of the operational programme, the subcontractor must also observe the record-keeping requirements set out in this section.

If the PO adopts a 'paperless' system of record-keeping, original information must still be retained and available for inspection for at least three years after the year of completion of the programme.

The system should provide as much information in as easily accessible a form as the paper-based arrangements it replaces, the system should:

- record all data necessary to support claims for payment; and
- allow easy access to the data for all officials.

Failure to produce any documents requested by any of the sections or RPA Inspectors could result in payments being suspended.

## The length of time for keeping records

It is the responsibility of POs to be able to demonstrate that all expenditure declared under this scheme is relevant to the programme's approved measures and objectives, and therefore eligible for assistance under the programme. **If any documentation is not clearly attributable to a particular measure then the related expenditure will be disallowed.**

POs are required to keep commercial documents for the duration of the programme year, plus at least three years from the end of the year to which they relate. For example, commercial documents include: all the PO's books, registers, vouchers and supporting documents, accounts and correspondence.

## Double Financing

POs must declare any National or Community schemes which it, or any of its members, claim under. The Agency will carry out checks to ensure that measures proposed in a PO's operational programme do not already receive funding under any other National or Community scheme.

Examples of schemes include the following:

- Processing and Marketing Grant Scheme (PMG);
- LEADER+ Scheme;
- Rural Enterprise Scheme;
- Vocational Training Scheme;
- Organic Farming Scheme.

This list is only an indication of potential schemes, so POs should make the Agency aware of any other schemes under which they claim to avoid a situation whereby they may receive aid from two sources.

## False declarations

POs should note the offences under The Common Agricultural Policy (Protection of the Community Arrangements) Regulations 1992 (Statutory Instrument 1992/314). These relate to knowingly or recklessly providing false or misleading information. A person guilty of such an offence shall be liable:

- on summary conviction in Great Britain, to a fine not exceeding the statutory maximum or, on such conviction in Northern Ireland, to a fine not exceeding £2,000; or
- on conviction or indictment in Great Britain or Northern Ireland, to a fine, or to imprisonment for a term not exceeding two years, or both.

## Recovery of items when member leaves PO

The PO is responsible for making provisions to ensure that investments or their value can be recovered in situations whereby members leave the organisation – read section M.

## Inspection visits

As referred to in section U: 'Right of entry', inspection visits will be made by authorised officials acting on behalf of the Agency or the EU Commission to ensure that the PO complies with the conditions under which financial assistance is paid. Access must be granted to authorised officials at all reasonable times, with or without prior notification.

# Annex 1: Scheme forms

All of the forms listed below, along with guidance for completion, are available on the RPA website at [rpa.defra.gov.uk](http://rpa.defra.gov.uk), or can be obtained by contacting the Agency using the contact details at Annex 3 of this guidance.

All forms should be completed electronically and e-mailed to the scheme mail box – [Fruit&veg.newcastle@rpa.gsi.gov.uk](mailto:Fruit&veg.newcastle@rpa.gsi.gov.uk) – with the exception of the payment form (FVS6), the authorised e-mail address form (FVS1A) and the authorised signature form (FVS8). These forms can be completed electronically but must be printed off and signed before being sent to the Agency. We will not accept photocopies or faxed copies of these form – we must have an original signature on the FVS6 form before we can make a payment.

Note: POs based in Scotland should forward all forms to the Scottish Government. Full details can be found at Annex 3 of this guidance.

## The use of correction fluid

Correction fluid must not be used on any form. Should an entry need changing it should be crossed through, the correct information entered and the amendment signed and dated. If this procedure is not followed, the form/claim may be returned which could delay the processing and possibly incur penalties.

## Forms

- FVS1 – Application for PO Recognition
- FVS1A – Authorised e-mail address
- FVS2 – Application for APO Recognition
- FVS3 – Application for an Operational Programme
- FVS4 – Application to amend an Existing Operational Programme
- FVS5 – Annual Report
- FVS6 – Annual/Advanced/Arrears Payment Request Form
- FVS7 – In-Year Amendments to Operational Programme
- FVS8 – Authorisation Form
- FVS9 – Annual Statistical Report
- FVS10 – Request for Release of Security
- FVS12 – Changes to PO Membership

# Annex 2: Complaints and Appeals

## Complaints and Appeals

We are committed to giving good customer service and we welcome your feedback because it helps us to improve.

If you are not satisfied with the service you have received or a decision we have made and you would like to complain, you can:

- call us on 0845 603 7777;
- e-mail us at [csc@rpa.gsi.gov.uk](mailto:csc@rpa.gsi.gov.uk); or
- write to us at:  
Rural Payments Agency  
PO Box 300  
Sheffield  
S95 1AA

You can also complain face to face with anyone representing RPA.

## Complaints about our service

If you are not satisfied with the service you have received because of something we have, or have not done and you would like to complain, please let us know as soon as possible.

You should set out the facts as fully as possible including:

- what went wrong;
- when it happened;
- who you dealt with; and
- what you would like to happen next.

The more details we have, the better equipped we are to deal with your complaint.

Always remember to tell us your Trader Registration number and make sure you put it on all documents you send to us.

You also need to tell us:

- your daytime telephone number; and
- your preferred method of contact.

We will acknowledge receipt of your complaint by telephone. If we are not able to contact you we will send you an e-mail or letter. We will aim to resolve your complaint within 15 working days. If this is not possible, the person dealing with your complaint will contact you.

If you are not satisfied with the outcome, you can ask your MP to refer your complaint to the Parliamentary and Health Service Ombudsman.

## Complaints about our decisions

If you are not happy with a decision we have made or you think a decision is wrong, you can ask us to review it.

You should set out the facts as fully as possible including:

- what decision you want to be explained or re-considered;
- the date of the decision;
- what you do not understand or why you disagree with a decision; and
- what outcome you are seeking.

If you want us to review a decision, you need to submit all the evidence you want to be considered so that we are equipped with all the facts. But you can still introduce new evidence at any point in the process.

Always remember to tell us your Trader Registration number and make sure you put it on all documents you send to us.

You also need to tell us:

- your daytime telephone number; and
- your preferred method of contact.

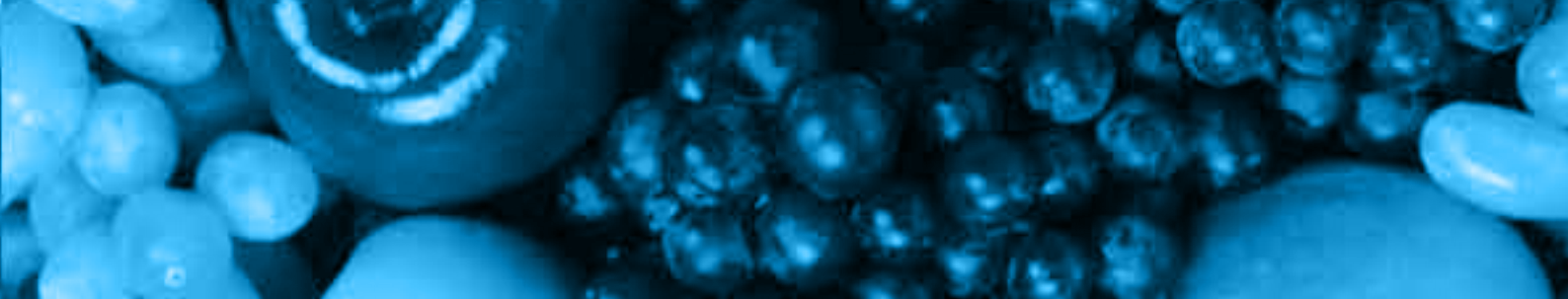
We will acknowledge receipt of your request by telephone. If we are not able to contact you we will send an e-mail or letter. We will aim to give you an explanation of the decision or the outcome of our review within 15 working days. If this is not possible, the person dealing with your request will contact you to agree a proposed plan to resolve your complaint, which may include passing it on for further consideration.

## Appeals against a review decision

You can appeal against any decision we make that affects your entitlement to, or liability for, payments or your ability to participate in a particular scheme.

After the decision review process outlined above, if you are still not satisfied with the outcome and you want to appeal, you will need to fill in an *Appeal Form* (CA1). You can request one from our Customer Service Centre by calling us on 0845 603 7777 or e-mail us at [csc@rpa.gsi.gov.uk](mailto:csc@rpa.gsi.gov.uk). You can fill one in electronically from our website at [rpa.defra.gov.uk](http://rpa.defra.gov.uk) or print one and send it to us by post to:

Complaints and Appeals  
Rural Payments Agency  
Alverton Court  
Crosby Road  
Northallerton  
DL6 1AD



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You need to enclose a cheque payable to the Rural Payments Agency for £100 when you send your appeal form to us. We will refund this money if your appeal is fully or partly successful.

For more information read the *Complaints and Appeals Guidance* on our website at [rpa.defra.gov.uk](http://rpa.defra.gov.uk) or request a copy from our Customer Service Centre by calling us on 0845 603 7777.



# Annex 3: More information

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## The Rural Payments Agency

Fresh Fruit and Vegetables Section  
Rural Payments Agency  
Lancaster House  
Hampshire Court  
Newcastle upon Tyne  
NE4 7YH  
Telephone: 0191 226 5198  
Fax: 0191 226 5061  
General e-mail enquiries: [Fruit&veg.newcastle@rpa.gsi.gov.uk](mailto:Fruit&veg.newcastle@rpa.gsi.gov.uk)  
Agency website at [rpa.defra.gov.uk](http://rpa.defra.gov.uk)

## Agriculture Departments

### The Scottish Government

Agriculture, Food and Rural Communities Directorate  
Agriculture and Rural Development Division  
Plants, Horticulture and Potatoes  
D Spur  
Saughton House  
Broomhouse Drive  
Edinburgh  
EH11 3XD  
Telephone: 0300 244 9299

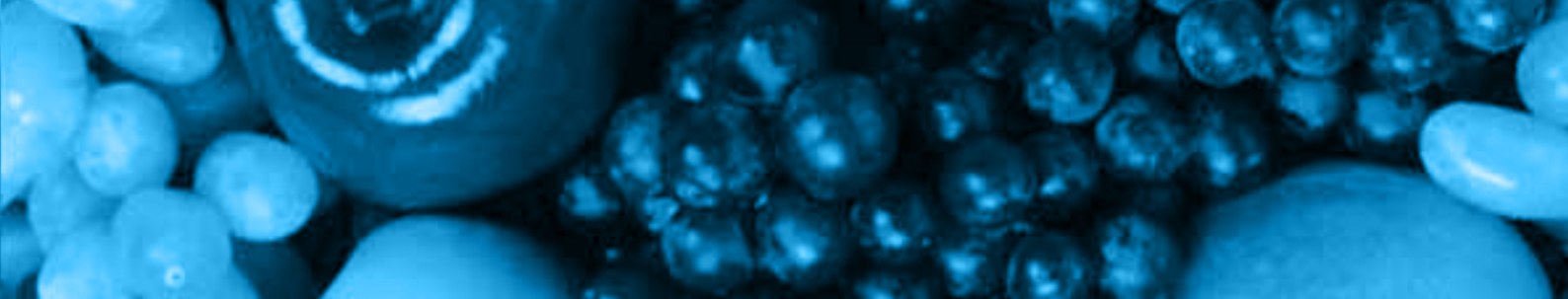
### Department of Agriculture and Rural Development

(DARDNI)  
Room 910  
Dundonald House  
Upper Newtownards Road  
Belfast  
BT4 3SB  
Telephone: 028 9052 4488  
Fax: 028 9052 0808

### National Assembly for Wales Agriculture Department

(NAWAD)  
Agriculture Policy Division 2  
Cathays Park  
Cardiff  
CF10 3NQ  
Telephone: 02920 823521





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## Regional horticultural marketing inspectors

### England and Wales

Contact details for the relevant inspectorate office can be found on the Agency website at [rpa.defra.gov.uk](http://rpa.defra.gov.uk) and follow links - HMI, contact details, England and Wales.

### Northern Ireland

Department for Agriculture and Rural Development (DARDNI)  
Room 1028  
Dundonald House  
Upper Newtonards Road  
Belfast  
BT4 3SB  
Telephone: 01232 524685  
Fax: 01232 547204  
E-mail: [wilf.weatherup@dardni.co.uk](mailto:wilf.weatherup@dardni.co.uk)

### Scotland

The Scottish Government - Agriculture, Food and Rural Communities  
Directorate, formally known as SGRPID  
Agriculture and Rural Development Division  
Plants, Horticulture and Potatoes  
D Spur  
Saughton House  
Broomhouse Drive  
Edinburgh  
EH11 3XD  
Telephone: 0300 244 9299

# Annex 4: National Strategy: Actions table

## 3.2 Actions that may be included in operational programmes

The following section identifies specific actions and a non-exhaustive list of actions.

This list of actions is non-exhaustive. Detailed proposals from POs for other actions to further their programme objectives will be considered favourably by the Rural Payments Agency. Read section 9 for general conditions applicable to programme actions.

### 3.2.1 Planning of production in relation to demand in terms of product quantity

Planning, both long term and ongoing, to ensure that all production of all members is marketed and that the market outlets can be serviced with the quantities and qualities required. Progress will be measured by comparing the quantity and value of product that gets placed on the market at the end of the programme with the situation at the start of the programme.

| Action  | Eligibility conditions including Exclusions/ Restrictions  | Output indicator  | Result Indicator                                 | Impact Indicator   |
|---|--|---|--|--|
| <b>3.2.1.1 – Acquisition of fixed assets</b>  |  |   |  |  |
| Investments in computers, data loggers and specific computer software, centrally and/or on individual holdings; aimed at controlling or recording the crop production environment   | The UK will not fund investments in strawberry planting. However consideration may be given to actions for a research and development with a view to introduce changes in variety profile or increased cropping The PO must be able to demonstrate this enhances the market position | Number of holdings participating in the actions<br><br>Number of actions undertaken<br><br>Total value of investments (£) | Change in volume of marketed production (Tonnes) | Estimated change in value of marketed production (£)<br><br>Change in the total number of F&V producers who are active members (4) of the PO/APO concerned (number)<br><br>Change in the total area under F&V production cropped by members of the PO/APO concerned (Ha) |
| Investments in new areas of trees, bushes and canes to meet increased product demand, including new varieties or new rootstocks   |  |   |  |  |
| Machines for specialist production/harvesting/packaging etc activities and increased labour efficiencies (for example, planting and harvesting/vining rigs, pea tanks, irrigation equipment, grading weighing and packaging equipment for especially where this will help reduce labour requirements) |  |   |  |  |

## National Strategy – Actions table

| Action  | Eligibility conditions including Exclusions/ Restrictions | Output indicator | Result Indicator | Impact Indicator |
|---|---|------------------|------------------|------------------|
| <p>Equipment for soil remediation (for example, subsoilers)</p> <p>Modern growing systems and associated equipment such as polytunnels, table tops, hydroponic systems</p> <p>Crop covers and associated winding gear</p> <p>Use of mechanical methods of weed control</p> <p>Crop specific sprayers, improved nozzles, and computerised application mapping systems</p> <p>Crop specific fertiliser application systems to allow precision placement of nutrients</p> <p>Glasshouse technologies to extend the UK cropping season for example measures such as thermal screens; heating system improvements; new energy sources and CO<sub>2</sub> technology, and associated electronic controls</p> <p>Investments in hail and frost protection systems</p> <p>Investments in new planting techniques for example, rootstocks, bedmaking equipment</p> <p>Investments in ancillary crop specific machinery to maintain the freshness and quality of the crop</p> |   |                  |                  |                  |

| Action   | Eligibility conditions including Exclusions/ Restrictions | Output indicator                                | Result Indicator                                    | Impact Indicator  |
|--|---|---|---|---|
| <b>3.2.1.2 – other actions</b>   |   |   |   |   |
| Pre-harvest crop analysis to ensure the member's crops are harvested correctly to meet customer specifications   |   | Number of holdings participating in the actions | Change in value of total marketed production (£/Kg) | Estimated change in value of marketed production (£)  |
| Checks on the release of crops from storage to ensure the controlled release of produce according to the best keeping qualities  |   | Number of actions undertaken                    |   | Change in the total number of F&V producers who are active members (4) of the PO/APO concerned (number) |
| Balancing supply to demand to maximise gains from seasonal variations in price. (For example use of ERP computerised systems)  |   |   |   | Change in the total area under F&V production cropped by members of the PO/APO concerned (Ha)           |
| Development of complete computer database systems from production through to sale, for tracking produce and recording inputs on the crops                              |   |   |   |   |
| Staff costs for the management and coordination of planting schedules, pre harvest crop assessments, and supervising the harvest process to meet customer requirements |   |   |   |   |
| Specific computer programming costs and initial licence fees   |   |   |   |   |
| Cost of training in the use of computerised systems for PO employees or members and their staff  |   |   |   |   |
| Direct staff costs for staff to co-ordinate production planning, pre harvest monitoring, and post harvest storage and demand   |   |   |   |   |
| Direct staff costs to monitor the quality of produce entering the PO domain, and to monitor the quality of produce leaving the PO domain                               |   |   |   |   |

## National Strategy – Actions table

### 3.2.2 Improving or maintaining product quality

Implement quality assurance checks to meet the demands of the market and reduce the level of rejected product. Progress will be measured by comparing the volume of the marketed production that meets the requirements of specific quality assurance schemes at the end of the programme with the situation at the start of the programme.

| Action   | Eligibility conditions including Exclusions/ Restrictions               | Output indicator                                | Result Indicator  | Impact Indicator  |
|--|---|---|---|---|
| <b>3.2.2.1 – Acquisition of fixed assets</b>   |   |   |   |   |
| Investments in grading and handling equipment to aid product presentation  | POs are advised to discuss with RPA before submitting such applications | Number of holdings participating in the actions | Change in volume of marketed production that meets the requirements of a specific "quality scheme" (Tonnes) | Estimated change in value of marketed production (£)  |
| Investigations and investment into new packaging   | POs are advised to discuss with RPA before submitting such applications | Number of actions undertaken                    |   | Change in the total number of F&V producers who are active members (5) of the PO/APO concerned (number) |
| Improvements in post harvest crop storage  |   | Total value of investments (£)                  |   | Change in the total area under F&V production cropped by members of the PO/APO concerned (Ha)           |
| Investments in collaborative packhouses, handling facilities and market preparation facilities, centrally or at the discretion of the RPA on members holdings where of clear benefit to the whole PO |   |   |   |   |
| Investments in produce chilling facilities centrally or at the discretion of the RPA on individual holdings where of clear benefit to the whole PO. Agency   |   |   |   |   |
| Investments in collective cold stores and controlled atmosphere facilities   |   |   |   |   |
| Investments in improved storage boxes and transport boxes  |   |   |   |   |
| Investments in in-house laboratory facilities and equipment  |   |   |   |   |
| Investments in field packing   |   |   |   |   |
| Investments in field cooling   |   |   |   |   |
| On the lorry investments in improving shelf life   |   |   |   |   |

| Action  | Eligibility conditions including Exclusions/ Restrictions | Output indicator                                | Result Indicator                                    | Impact Indicator  |
|---|---|---|---|---|
| Development in new crop stores, to improve shelf life and quality of crops and minimise crop residues. Also to buffer peaks and troughs of production |   |   |   |   |
| Investments in improving the insulation of existing cold stores   |   |   |   |   |
| Investments in improving refrigeration units and running programs   |   |   |   |   |
| Improvements in grading equipment and facilities  |   |   |   |   |
| Hall and frost protection measures and other crop protection structures (for example, cherry covers)  |   |   |   |   |
| <b>3.2.2.2 – other actions</b>  |   |   |   |   |
| Independent audits of the PO control systems will help validate the QA process  |   | Number of holdings participating in the actions | Change in value of total marketed production (£/Kg) | Estimated change in value of marketed production (£)  |
| Shelf life testing of the products  |   | Number of actions undertaken                    | Estimated impact on production costs (£/Kg)         | Change in the total number of F&V producers who are active members (5) of the PO/APO concerned (number) |
| Sampling and analysis of produce for residues of plant protection products, heavy metals, bacterial and other contaminants                            |   |   |   |   |
| Sampling and analysis of water quality; either during production or cleaning of the crop  |   |   |   |   |
| Expenditure on microbiology and residue testing   |   |   |   |   |
| Developing low input/organic product lines  |   |   |   | Change in the total area under F&V production cropped by members of the PO/APO concerned (Ha)           |
| Use of natural pollinators  |   |   |   |   |
| Biological control techniques to replace/reduce pesticide usage   |   |   |   |   |



## National Strategy – Actions table

| Action   | Eligibility conditions including Exclusions/ Restrictions | Output indicator | Result Indicator | Impact Indicator |
|--|---|------------------|------------------|------------------|
| <p>Pheromone trapping to predict pest risk</p> <p>Pre planting soil tests to determine nutrients and disease levels</p> <p>Staff costs to monitor crop growth and advise on treatment thresholds in line with crop management protocols</p> <p>Staff costs to monitor and advise on the quality and specification of produce being delivered to the PO</p> <p>Personnel costs to check the quality and specification of prepared produce being delivered by the PO</p> |   |                  |                  |                  |

### 3.2.3 Improving marketing

Specific marketing of the PO product to increase market share, promote new product lines, negotiate best prices, maximise producer returns, promote PO brands. Progress will be measured by comparing volume of production marketed and average unit value at the end of the programme with the situation at the start of the programme.

| 3.2.3.1 – acquisition of fixed assets  |  |  |   |   |
|--|--|--|---|---|
| <p>Machines for cutting, trimming, slicing, and multipacking produce to improve its appearance</p> <p>Investments in pack presentation/ pack size equipment</p> <p>Investments to improve the uniformity of produce. (for example, optical graders)</p> <p>Investments in improved produce weighing systems to reduce product "give away"</p> <p>Investments in building facilities which enhance the PO's position in the market place.</p> |  | <p>Number of holdings participating in the actions</p> <p>Number of actions undertaken</p> <p>Total value of investments (£)</p> | <p>Change in volume of marketed production (Tonnes)</p> | <p>Estimated change in value of marketed production (£)</p> <p>Change in the total number of F&amp;V producers who are active members (5) of the PO/APO concerned (number)</p> <p>Change in the total area under F&amp;V production cropped by members of the PO/APO concerned (Ha)</p> |

| Action   | Eligibility conditions including Exclusions/ Restrictions   | Output indicator   | Result Indicator   | Impact Indicator  |
|--|---|--|--|---|
| <p>Market research, including production patterns, market dynamics and consumption trends</p> <p>Investment in grading and packing equipment concentrating on innovative and value added products to meet consumer demands</p> <p>Development and maintenance of PO websites</p> <p>New trees and bushes to supply customer preferred varieties</p>  |   |  |  |   |
| <b>3.2.3.2 – other types of action including promotion and communication activities other than in relation to crisis prevention and management</b>   |   |  |  |   |
| <p>Promotion and communication including in store promotions where this actively promotes the interest of the PO</p> <p>Promotion and communication in conjunction with supermarkets but limited in number, providing the product is identified as PO produce</p> <p>Investment specifically aimed at improved marketing of organically grown fruit and vegetables</p> <p>Development of PO brands:</p> <ul style="list-style-type: none"> <li>• Membership of crop societies (for example, PV/GA)</li> <li>• Cost of branding consultants</li> <li>• Cost of registering trademarks</li> <li>• Media campaigns</li> <li>• Promotional literature</li> <li>• In-store tasting</li> </ul> | <p>Excluded items are costs for alcoholic beverages, bar bills, and event sponsorship</p> <p>Excluded are supermarket promotions such as "Buy one get one free"</p> | <p>Number of holdings participating in the actions</p> <p>Number of actions undertaken</p> | <p>Change in value of total marketed production (£/Kg)</p> | <p>Estimated change in value of marketed production (£)</p> <p>Change in the total number of F&amp;V producers who are active members (5) of the PO/APO concerned (number)</p> <p>Change in the total area under F&amp;V production cropped by members of the PO/APO concerned (Ha)</p> |



## National Strategy – Actions table

| Action   | Eligibility conditions/<br>including Exclusions/<br>Restrictions | Output indicator | Result Indicator | Impact Indicator |
|--|--|------------------|------------------|------------------|
| <p>Advertorial and recipes. Expenses incurred in PO activities at farmers markets, food fairs and trade shows (market fees, stalls, key staff costs, stall signs and promotional literature, tasting)</p> <p>Product differentiation and development of premium/ discount lines to exploit market niches</p> <p>Development of integrated database systems to coordinate supply, marketing, and sales</p> <p>Procuring new suppliers for the PO in order to extend the PO supply season to customers from seasonal to all year round, in order to take advantage of category management</p> <p>Employing key marketing staff to develop direct sales</p> <p>Development of sales for out of spec products to the processing sector for juicing, peeling, processing</p> <p>Rebranding and promotion of the PO to build up customer awareness</p> <p>Promotion of PO brand on PO sites and facilities</p> <p>Assurance of crop production protocols, grading facilities, traceability, ethical staff treatment, as necessary to exceed the customer's requirements</p> <p>Fees for market information, and consumer buying habits. Generic crop promotions</p> <p>Benchmarking growers operational performance via environmental assessments.</p> |  |                  |                  |                  |

### 3.2.4 Research and experimental production

Clearly defined research or experimental projects with time limited objectives, such as an appraisal of diversification into new product lines, or the introduction of new crops or new varieties of crop or method of cropping.

| Action   | Eligibility conditions including Exclusions/ Restrictions  | Output indicator   | Result Indicator   | Impact Indicator  |
|--|--|--|--|---|
| <b>3.2.2.1 – Acquisition of fixed assets</b>                               |  |  |  |   |
| The duly justified cost of input where a trial is clearly being undertaken | Excluded items:<br>1. Levies to statutory bodies that undertake R&D  | Number of holdings participating in the actions                | Number of new techniques, processes and/or products adopted since the beginning of the operational programme | Estimated change in value of marketed production (£)  |
| Equipment to grow and record at a plot level                               | 2. Support to plant breeding operations – read Scheme guidance leaflet<br>3. Subsidising production costs. | Number of actions undertaken<br>Total value of investments (£) |  | Change in the total number of F&V producers who are active members (6) of the PO/APO concerned (number) |
|  | Expenditure on R&D will be limited to 30% of the programme   |  |  | Change in the total area under F&V production cropped by members of the PO/APO concerned (Ha)           |

## National Strategy – Actions table

| 3.2.4.2 – other types of action  |   |   |  |  |
|--|---|---|--|--|
| Action   | Eligibility conditions including Exclusions/ Restrictions | Output indicator                                | Result Indicator   | Impact Indicator   |
| Additional staff costs to make crop observations, analyse and present results to the members               |   | Number of holdings participating in the actions | Number of new techniques, processes and/or products adopted since the beginning of the operational programme | Estimated change in value of marketed production (£)                                     |
| Market research for the new product  |   | Number of actions undertaken                    |  | Change in the total number of F&V producers who are active members                       |
| Cost of membership of non statutory research bodies producing near market research and development results |   | Number of hectares concerned                    |  | (6) of the PO/APO concerned (number)   |
| Taste panels and analysis of consumer reactions  |   |   |  |  |
| PO in house trials   |   |   |  |  |
| Support to non-statutory, near market industry R&D projects sponsored by the PO                            |   |   |  | Change in the total area under F&V production cropped by members of the PO/APO concerned |
| Levies for crop groups (for example, PGRO) to support industry led R&D                                     |   |   |  | (Ha)   |

### 3.2.5 Training and provision of advisory services

Progress will be measured by the number of people who completed a training activity and the number of holdings using the advisory service .

| Action  | Eligibility conditions including Exclusions/ Restrictions  | Output indicator   | Result Indicator   | Impact Indicator  |
|---|--|--|--|---|
| Actions related to training (other than in relation to crisis prevention and management) and actions aimed at promoting access to advisory services   |  |  |  |   |
| <p>Equipping of dedicated training facilities for PO members (furnishings, audio-visual presentation equipment, demonstration units).</p> <p>Training courses for members and their production staff on quality assurance, management of plant protection products, harvesting methods, production planning and risk management, IT skills needed for the implementation of operational programme actions or for administration of the operational programme.</p> <p>Provision of advisory and consultancy services and technical advice to members and the PO on:</p> <ul style="list-style-type: none"> <li>• Optimising inputs</li> <li>• Plant health issues</li> <li>• Food safety and hygiene issues</li> <li>• Preparing for certification under quality assurance schemes</li> <li>• Harvesting</li> <li>• Environmental issues such as irrigation, heating, use of fertilisers and plant protection products</li> <li>• Labour profiling and harvest/warehouse management.</li> <li>• Services to advise on transport logistics, energy use, staff management</li> <li>• Integrated crop production methods and organic production systems</li> <li>• Gross margin analysis, benchmarking, enterprise fixed cost analysis</li> </ul> <p>Training in issues relevant to the development of the PO</p> | <p>Restrictions may be placed on non member usage of equipment.</p> <p>Training for staff of third party marketing companies is not eligible for inclusion in the programme.</p> <p>Individual growers providing a service only for their own business will be ineligible</p> <p>Statutory requirements – for example, Health &amp; Safety will be ineligible.</p> | <p>Number of actions undertaken</p> <p>Number of days of training received by participants</p> | <p>Number of people who completed the full training activity/ programme</p> <p>Number of holdings that use advisory services</p> | <p>Estimated change in value of marketed production (£)</p> <p>Change in the total number of F&amp;V producers who are active members (4) of the PO/APO concerned (number)</p> <p>Change in the total area under F&amp;V production cropped by members of the PO/APO concerned (Ha)</p> |

## National Strategy – Actions table

### 3.2.6 Crisis prevention and management measures

Crisis prevention and management measures shall not comprise more than one-third of the expenditure under the operational programme, however the programme itself must be balanced

| Action  | Eligibility conditions including Exclusions/ Restrictions   | Output indicator             | Result Indicator  | Impact Indicator  |
|---|---|------------------------------|---|---|
| Promotion and communication campaigns to deal with sudden crop gluts  | Loss of key personnel, changes in specifications from supermarkets or price reductions for products do not constitute a crisis  | Number of actions undertaken | Total volume of production subject to withdrawal (Tonnes)   | Estimated change in value of marketed production (£)  |
| Training including measures to meet sudden changes in product specification/markets   | Policy must be controlled by PO   |                              | Total area concerned by green harvesting or non-harvesting (Ha)   | Change in the total number of F&V producers who are active members (6) of the PO/APO concerned (number) |
| Harvest insurance (including consequential insurance) against loss as a result of climatic events which can be assimilated to natural disasters, losses caused by adverse climatic events or caused by animal or plant diseases, or pest infestations | For protected produce the consequential insurance is eligible but the associated insurance relating to the insurance of buildings/structures and or facilities (for example, heating supply) against damage by adverse climatic events or natural disasters is not eligible |                              | Estimated change in volume of marketed production for products subject to the promotion/communication activities (tonnes) | Change in the total area under F&V production cropped by members of the PO/APO concerned (Ha)           |
| Support for the administrative cost of setting up mutual assistance funds   |   |                              | Number of people who completed the full training activity/ programme  |   |
|   |   |                              | Total value of the insured risk (£)   |   |
|   |   |                              | Total value of the mutual fund set up (£)   |   |

### 3.2.7 Environmental actions

Actions by POs should complement and be consistent with the community's environmental priorities in the following areas: Operational programmes must include two or more environmental actions.

A programme with just one action will be accepted if the measure uses at least 10% of the expenditure of the programme.

Where at least 80% of the members are subject to one or more identical agri-environment commitments (see Environmental Framework) then each action will count.

Exceptionally, consideration will be given to the eligibility of certain components of major capital investments where that component has a clear, identifiable and measurable environmental impact or benefit.

| Action                                | Eligibility conditions including Exclusions/ Restrictions | Output indicator | Result Indicator | Impact Indicator |
|---------------------------------------|---|------------------|------------------|------------------|
| 3.2.7.1 – Acquisition of fixed assets |   |                  |                  |                  |
| SEE ENVIRONMENTAL FRAMEWORK           |   |                  |                  |                  |

### 3.2.8 Other actions

Actions that will clearly enhance the status or governance of the PO will be considered where a clear business case is presented which budgets for and is able to monitor the long term economic benefit of the proposed action.

### 3.2.9 Administration of the operational programme

50% of the actual administration costs of the operational programme will be allowed, subject to a limit of €90,000 on the aid payable in any year. POs may opt instead for payment of a lump sum for administration on the basis of 2% of the expenditure accepted for payment. The limit of €90,000 aid will apply.



| 1 Justification: Reduce emissions of CO <sub>2</sub> and other greenhouse gases   |  |  |              |   |  |
|---|--|--|--------------|---|--|
| Environmental actions   | Commitments  | Eligible expenditure   | Indicator    | Definition and measurement  |  |
| 1.1 Review the logistics of product collection and distribution to minimise total carbon usage, where complementary to other environmental actions under the category of measures 1 | Use of additional (internal or external) qualified personnel for an energy audit of the logistics of product collection and distribution, with the view to identifying possible areas for improvement and defining relevant environmental actions to be undertaken (*)<br>(*) For eligibility for support, the requirements indicated in paragraph 49 are applicable | Personnel costs related to additional (internal or external) qualified personnel used for the review |              | Change in litres fuel/tonne produce   |  |
| 1.2 Acquisition of equipment for the monitoring and control of energy consumption, where complementary to other environmental actions under the category of measures 1              | Purchase of the equipment for the monitoring and control of energy consumption<br>Use of the equipment as intended   | Expenditure related to the investment made on the equipment  | Energy usage | Kwh/tonne produce   |  |
| 1.3 Replacement of existing heating installations   | Purchase of a new heating installation in replacement of an existing one<br>Use of the new heating installation as intended  | Expenditure related to the investment made on the new installation                                   |              |   |  |
| 1.4 Monitor and control energy consumption in intensive production areas (heated glass), where complementary to other environmental actions under the category of measures 1        | Purchase of equipment for the monitoring and control of energy consumption<br>Use of the equipment as intended   | Expenditure related to the investment made on the equipment  |              |   |  |
| 1.5 Improve thermal insulation in stores  | Improvement of the thermal insulation in stores  | Expenditure related to the investment made on the improvement of thermal insulation                  | Fuel usage   | Improvement in running costs per tonne produce harvested, stored or chilled |  |
| 1.6 Improve refrigeration plants  | Undertaking the improvement of the existing refrigeration plants   | Expenditure related to the investment made on the improvement  |              |   |  |

# Annex 5: Environmental Framework: Actions Table

| 1 Justification: Reduce emissions of CO <sub>2</sub> and other greenhouse gases  |  |  |   |   |  |
|--|--|--|---|---|--|
| Environmental actions  | Commitments  | Eligible expenditure   | Indicator   | Definition and measurement  |  |
| 1.7 Investments in more fuel-efficient harvesters and similar equipment  | Purchase of a new harvester and/or similar equipment<br>Use of the new harvester and/or similar equipment as intended  | Expenditure related to the investment made on the new harvester and/or similar equipment   | Fuel usage  | Improvement in running costs per tonne produce harvested, stored or chilled |  |
| 1.8 Use of lighter packaging in transportation   | Purchase and use of lighter packaging in transportation<br>Eligibility for support is limited to packaging compliant with the essential requirements defined by the Directive 94/62/EC | Additional costs of the lighter packaging compared with the cost of standard packaging compliant with the essential requirements defined by the Directive 94/62/EC |   |   |  |
| 1.9 Purchase (but not leasing) of CHP unit   | Purchase of a CHP unit<br>Use of the CHP unit as intended  | Expenditure related to the investment made on the CHP unit   |   |   |  |
| 1.10 Conversion of existing heating installations to run on renewable sources of energy  | Conversion of an existing heating installation to run on bio fuels<br>Use of the heating installation converted as intended  | Expenditure related to the investment made on the conversion of existing heating installation  |   |   |  |
| 1.11 Conversion of existing transport equipment to run on renewable sources of energy  | Conversion of existing transport equipment to run on bio fuels<br>Use of the transport equipment converted as intended   | Costs related to the conversion of existing transport equipment  | Conversion of heating equipment and transport to run on bio fuels | Actual reduction in fossil fuel usage/tonne                                 |  |
| 1.12 Replacement of existing heating installations with new installations able to run on renewable sources of energy                             | Purchase of a new heating installation able to run on bio fuels in replacement of an existing one<br>Use of the new heating installation as intended                                   | Expenditure related to the investment made on the new heating installation   |   |   |  |
| 1.13 Promoting the use of more sustainable transportation methods (rail, sea) rather than road transport for finished products and raw materials | Use of rail or sea transport in replacement of road transport  | Additional specific costs for rail or sea transport  | Volume of products and other goods transported more sustainably   | Reduction in fuel usage   |  |

## Environmental Framework – Actions Table



## Environmental Framework – Actions Table

### 2 Measures aimed at reducing the environmental impact of water usage

Justification: contribute to water saving, or (in the case of 2.1) changing the seasonality of water abstraction in an environmentally beneficial way

| Environmental actions   | Commitments   | Eligible expenditure  | Indicator  | Definition and measurement   |
|---|---|---|--|--|
| 2.1 High flow storage reservoirs                                      | Installation of a high flow storage reservoir<br>Use of the reservoir installed as intended<br>Eligibility for support is limited to storage reservoirs offering environmental benefits in terms of winter abstraction, in particular where winter abstraction is carried out under approval/licence by such bodies as the Environment Agency and is encouraged in preference to summer abstraction (and where assessments are made, and explanations are given, of what systems will be put in place to avoid upsetting the ecological balance of streams, rivers and ponds, and to avoid adverse effects on the wild flora and fauna associated therewith).<br>Sites impacting on SSSIs and Natura 2000 sites are excluded. Major reservoir construction projects on individual holdings are ineligible unless they are of collective benefit to the PO and unless they are subject to appropriate depreciation and lease agreements being in place | Expenditure related to the investment made on the installation of a high flow storage reservoir   | Volume of high flow water stored<br>Usage by members<br>Reduction in licensed summer abstraction | Increase in high flow storage capacity<br>No of grower members utilising stored water<br>Licensed summer abstraction |
| 2.2 Rooftop water collection and recycling                            | Purchase and installation of the equipment necessary for rooftop water collection and recycling<br>Use of the equipment installed as intended   | Expenditure related to the investment made on the equipment necessary for rooftop water collection and recycling                                | Volume in cubic metres collected/reused  | Increase in cubic metres collected/reused  |
| 2.3 Re-use of water at the level of product preparation installations | Purchase and installation of the equipment necessary for the re use of water at the level of product preparation installations<br>Use of the equipment installed as intended  | Expenditure related to the investment made on the equipment necessary for the re use of water at the level of product preparation installations |  |  |

| 2 Measures aimed at reducing the environmental impact of water usage  |   |   |  |   |
|---|---|---|--|---|
| Justification: contribute to water saving, or (in the case of 2.1) changing the seasonality of water abstraction in an environmentally beneficial way                                 |   |   |  |   |
| Environmental actions   | Commitments   | Eligible expenditure  | Indicator                                      | Definition and measurement                    |
| 2.4 Preparation and implementation of irrigation plans aimed at water savings or reductions in run-off  | Preparation of an irrigation plan aimed at water savings or reductions in run-off<br>Implementation of the irrigation plan prepared for at least five years | Costs related to the preparation of the irrigation plan. Eligible costs include, where appropriate, those related to soil analyses and the purchase/lease of the equipment necessary to the preparation and implementation of the plan. | No of members using, and area of crops covered | Reduction in water usage per tonne of produce |
| 2.5 Transition from spray gun to drip irrigation  | Installation of a drip irrigation system in replacement of spray gun irrigation system<br>Use of the new irrigation system as intended                      | Expenditure related to the investment made for the installation of the drip irrigation system in replacement of spray gun irrigation system   |  |   |
| 2.6 Improved irrigation systems, including purchase/lease of pumps, pipes and other equipment (irrigation installations resulting in net increases of water consumption are excluded) | Installation of the improvements to the existing irrigation system<br>Use of the improved irrigation system as intended                                     | Expenditure related to the investment or to the lease of the improvements installed to the existing irrigation system.  |  |   |

## Environmental Framework – Actions Table

| 3 Measures aimed at preventing emissions into air, water or soil    |   |  |  |  |
|---|---|--|--|--|
| Justification: Contributing to maintain air, water and soil quality |   |  |  |  |
| Environmental actions   | Commitments   | Eligible expenditure   | Indicator  | Definition and measurement   |
| 3.1 Conversion to integrated production                             | <p>Application of integrated production methods compliant with the requirements of the LEAF Marque, and the Gold Standard of Nature's Choice (Tesco's)</p> <p>Certification by a recognised certification body (obligatory requirement not eligible for support) (*)</p> <p>Requirements related to the duration of the action, as indicated in paragraphs 45 and 46, are applicable</p> <p>(*) Integrated production certification could be eligible for support under actions aimed at improving or maintaining product quality</p> | <p>Additional costs and income foregone related to the conversion from the conventional production methods (compliant with the baseline/reference level requirements) to integrated production methods (compliant with the requirements of the LEAF scheme and/or other schemes to be specified) determined on a real cost basis</p> <p>The calculation of the additional costs will take account of possible cost savings resulting from the action (for example, reduced use of plant protection products, fertilisers and water) and, possible higher prices for products</p> | Reduction in liquid or gaseous emissions or in spray drift | Reduction in volume or environmental impact of liquid or gaseous emissions |

| 3 Measures aimed at preventing emissions into air, water or soil    |   |  |  |  |
|---|---|--|--|--|
| Justification: Contributing to maintain air, water and soil quality |   |  |  |  |
| Environmental actions   | Commitments   | Eligible expenditure   | Indicator  | Definition and measurement   |
| 3.2 Conversion to organic production                                | <p>Application of organic production methods compliant with the provisions of Council Regulation (EC) 2092/91 (of Council Regulation (EC) 834/2007 from 01/01/2009)</p> <p>Inscription to the national organic production system, in accordance to Reg. (EC) 2092/91 and, from 01/01/08 2009, with of Reg. (EC) 834/2007 (obligatory requirement not eligible for support)</p> <p>Certification by a recognised organic certification body (obligatory requirement not eligible for support) (*)</p> <p>Requirements related to the duration of the action, as indicated in paragraphs 45 and 46, are applicable</p> <p>(*) Organic certification could be eligible for support under actions aimed at improving or maintaining product quality</p> | <p>Additional costs and income foregone related to the conversion from the conventional production methods (compliant with the baseline/reference level requirements) to organic production methods (compliant with the provisions of Council Regulation (EC) 2092/91 or, from 01/01/2009, the provisions of Council Regulation (EC) 834/2007) determined on a real cost basis</p> <p>The calculation of the additional costs will take account of possible cost savings resulting from the action (for example, reduced use of plant protection products, fertilisers and water) and possible higher price for products</p> | Reduction in liquid or gaseous emissions or in spray drift | Reduction in volume or environmental impact of liquid or gaseous emissions |

## Environmental Framework – Actions Table

| 3 Measures aimed at preventing emissions into air, water or soil    |  |   |  |  |
|---|--|---|--|--|
| Justification: Contributing to maintain air, water and soil quality |  |   |  |  |
| Environmental actions   | Commitments  | Eligible expenditure  | Indicator  | Definition and measurement   |
| 3.3 Reduction in use of fertilisers                                 | <p>Reduce the use of fertilisers so as to achieve the pre-defined minimum reduction target (*)</p> <p>(*) As for agro-environmental measures a minimum reduction target of 30% is applicable. National/regional authorities may define higher minimum target</p> <p>The reference level for the reduction is compliance with the minimum requirements for fertiliser use and other obligatory requirements concerning the use of fertilisers established by the national legislation, including the legislation transposing the Nitrate Directive (Dir. 91/676/EEC) and the Water Framework Directive (Directive 2000/60/EC)</p> <p>Requirements related to the duration of the action, as indicated in paragraphs 45 and 46, are applicable</p> | <p>Additional costs and income foregone resulting from the action determined on a real cost basis</p> <p>The calculation of the additional costs will take account of possible cost savings resulting from the action (for example, reduced volume of fertilisers used, possible reduced costs for fertiliser distribution)</p> | Reduction in liquid or gaseous emissions or in spray drift | Reduction in volume or environmental impact of liquid or gaseous emissions |



| 3 Measures aimed at preventing emissions into air, water or soil  |  |   |  |  |
|---|--|---|--|--|
| Justification: Contributing to maintain air, water and soil quality   |  |   |  |  |
| Environmental actions   | Commitments  | Eligible expenditure  | Indicator  | Definition and measurement   |
| 3.4 Reduction in use of plant protection products, including reductions in the use of fungicides, late harvest sprays and dipping agents via the use of storage processes and ripening regulators | <p>The reference level for the reduction is compliance with the minimum requirements for plant protection product use and other relevant obligatory requirements concerning the use of plant protection products established by the national legislation, including the legislation transposing the Dir. 91/414/EEC)</p> <p>Requirements related to the duration of the action, as indicated in paragraphs 44 and 45, are applicable</p> <p>Where a PO wishes to use natural gases to control post harvest storage and shelf life of crops instead of recognised chemical treatments, the marginal extra costs of crop treatment can be claimed over and above drenching costs</p> <p>The PO should indicate the active ingredients it wishes to remove from its crops and the PO should subsequently demonstrate via baseline and future crop residue tests a reduction in crop residues at the point of sale</p> | <p>Additional costs and income foregone resulting from the action, determined on a real cost basis</p> <p>The calculation of the additional costs will take account of possible cost savings (for example, reduced volume of plant protection products used, possible reduced costs for their distribution), and possible additional income (sale of products complying with marketing standards) resulting from the action</p> | Reduction in liquid or gaseous emissions or in spray drift | Reduction in volume or environmental impact of liquid or gaseous emissions |

## Environmental Framework – Actions Table

| 3 Measures aimed at preventing emissions into air, water or soil                     |  |   |  |  |
|--|--|---|--|--|
| Justification: Contributing to maintain air, water and soil quality                  |  |   |  |  |
| Environmental actions  | Commitments  | Eligible expenditure  | Indicator  | Definition and measurement   |
| 3.5 Reduction in use of plant protection products via new biological control methods | <p>Purchase and use of organic plant protection materials, such as pheromones and predators</p> <p>Purchase and use of grafted-plants (on tolerant/resistant varieties), where it can be reasonably be expected to result in a reduction in the use of plant protection products or soil disinfectants (*)</p> <p>Planting and cultivation of bioacial crops, as well as companion planting, where it can be reasonably be expected to result in a reduction in the use of plant protection products (*)</p> <p>Requirements related to the duration of the action, as indicated in paragraphs 45 and 46, are applicable</p> <p>(*) Eligible crops and, where appropriate, tolerant/resistant varieties concerned must be defined by reference to reputable, published scientific data. These data must also include clear indications of the types of plant protection products and soil disinfectant the use of which could be reduced</p> | <p>Additional costs and income foregone resulting from the action, determined on a real cost basis</p> <p>The calculation of the additional costs will take account of possible cost savings resulting from the action (for example, reduced volume of plant protection products used, possible reduced costs for their distribution)</p> | Reduction in liquid or gaseous emissions or in spray drift | Reduction in volume or environmental impact of liquid or gaseous emissions |

### 3 Measures aimed at preventing emissions into air, water or soil

Justification: Contributing to maintain air, water and soil quality

| Environmental actions  | Commitments  | Eligible expenditure  | Indicator  | Definition and measurement   |
|--|--|---|--|--|
| 3.6 Reduction in use of plant protection products via the installation of fine-mesh crop protection netting;           | Purchase and installation of fine-mesh crop protection netting   | Expenditure related to the purchase and installation of fine-mesh crop protection netting | Reduction in liquid or gaseous emissions or in spray drift | Reduction in volume or environmental impact of liquid or gaseous emissions |
| 3.7 Installations of waste water treatment systems, beyond compliance with legal mandatory requirements                | Installation of a waste water treatment system<br>Use of the installation as intended                              | Expenditure related to the investment made on the waste water treatment system            |  |  |
| 3.8 Purchase/lease of equipment for control of the quality of waste water produced, where complementary to action 3.7. | Purchase/lease of equipment for control of the quality of waste water produced<br>Use of the equipment as intended | Expenditure related to the investment made or to the lease of the equipment               |  |  |



## Environmental Framework – Actions Table

| 4 Measures aimed at the re-use of crop remains and/or other organic residues or at contributing to recovery of agricultural waste |  |  |                          |  |  |
|---|--|--|--------------------------|--|--|
| Justification: Reduce waste and landfill  |  |  |                          |  |  |
| Environmental actions   | Commitments  | Eligible expenditure   | Indicator                | Definition and measurement   |  |
| 4.1 Composting  | Putting in place of a composting installation proportionate to the volume of organic residues produced by the farmer or by the PO<br><br>Use and/or sale of the compost produced   | Expenditure related to the investment made on the composting installation  | No of members benefiting | Tonnes removed from landfill and, for anaerobic digestion, reduction in greenhouse gases (particularly methane) plus energy production |  |
| 4.2 Actions in support to use and sale of the compost produced, where complementary to composting                                 | Purchase, or renting/leasing, of mushroom compost bagging machines<br><br>Use of the machines as intended<br><br>Only eligible where it contributes to wider objectives of producing re-usable compost for sale or for other use                     | Expenditure related to the investment made or to the renting/lease of the machines   |                          |  |  |
| 4.3 Anaerobic digestion of PO crop residues which are not compostable   | Putting in place an anaerobic digestion installation<br><br>Use of the installation as intended<br><br>For eligibility for support, the installation must be linked to a PO facility and must be related to reduction and management of a PO's waste | Expenditure related to the investment made on the anaerobic digestion installation<br><br>Eligible expenditure limited at 40% of costs   |                          |  |  |
| 4.4 Actions to help PO members to reuse spent growing mediums, and plant/crop remains   | Use of spent growing mediums as soil improves<br><br>Use of plant/crop remains for mulching  | Additional costs and income foregone resulting from the action determined on a real cost basis<br><br>The calculation of the additional costs will take account of possible cost savings resulting from the action (for example, reduced volume of fertilisers used, possible reduced costs for fertiliser distribution) |                          |  |  |

| 4 Measures aimed at the re-use of crop remains and/or other organic residues or at contributing to recovery of agricultural waste   |  |  |                          |  |
|---|--|--|--------------------------|--|
| Justification: Reduce waste and landfill  |  |  |                          |  |
| Environmental actions   | Commitments  | Eligible expenditure   | Indicator                | Definition and measurement   |
| 4.5<br>Actions to help PO members to dispose of spent growing mediums and/or plant/crop remains more sustainably  | Spent mushroom compost bagged and marketed as peat replacement<br>Separation of waste plastic material<br>Use of glasshouse waste as a soil conditioner, or as biomass<br><br>Eligibility is limited to commitments going beyond the mandatory requirements established by the national legislation waste                          | Additional costs and income foregone resulting from the action determined on a real cost basis |                          | Tonnes removed from landfill and, for anaerobic digestion, reduction in greenhouse gases (particularly methane) plus energy production |
| 4.6<br>Actions to contribute to recycling of agricultural plastics  | Plastic waste collection, sorting and transport to an authorised recycling institution<br><br>Having a contract with an authorised recycling institution (requirement not eligible for support)<br><br>Eligibility is limited to commitments going beyond the mandatory requirements established by the national legislation waste | Additional costs resulting from the action determined on a real cost basis                     | No of members benefiting |  |
| 4.7<br>Other actions to help PO and/or its members to return incidental waste to a reuse or recycling stream, where complementary to environmental actions 4.4, 4.5 or 4.6. | Establishing of a suitable place for the disposal of incidental waste<br>Purchase and use of equipment and machinery for the storage and preliminary treatment of waste<br><br>Eligibility is limited to commitments going beyond the mandatory requirements established by the national legislation waste                         | Expenditure related to the investments made  |                          |  |

## Environmental Framework – Actions Table

| 5 Environmental management of packaging   |   |   |   |  |
|---|---|---|---|--|
| Justification: Reduce waste and landfill  |   |   |   |  |
| Environmental actions   | Commitments   | Eligible expenditure  | Indicator   | Definition and measurement   |
| 5.1 Introduction and use of new, lower environmental impact, packing materials) | Purchase and use of new, lower environmental impact, packing materials (for example, biodegradable plastics; certified wooden crates) (*)<br><br>Introducing the infrastructure/ machinery to facilitate such change<br><br>(*) Eligibility for support is limited to packaging compliant with the essential requirements defined by the Directive 94/62/EC | Additional costs of the new packing material (*)<br>Member States are now required to set a maximum % of the annual expenditure under the operational programme which can be allowed for this measure.<br>Defra have established a rate of 1% and will be amending the National Strategy to reflect this however this is subject to further consideration and analysis as part of the forthcoming review of the UK's National Strategy.<br><br>NTT 02/11 2.10 Reg 543/2011 A60.4<br><br>Expenditure related to investments made on infrastructure/machinery | No of members using; times of use, no of journeys; cost savings in collection of packaging waste, and in costs of sorting and transportation to an authorised recycling institution | Tonnes and type of packaging used, increase in lifespan, tonnes of waste saved |

| 5 Environmental management of packaging   |  |  |   |  |
|---|--|--|---|--|
| Justification: Reduce waste and landfill  |  |  |   |  |
| Environmental actions   | Commitments  | Eligible expenditure   | Indicator   | Definition and measurement   |
| 5.2<br>Actions to contribute to recycling of recyclable packaging                                       | Use of recyclable packaging compliant with the essential requirements defined by the Directive 94/62/EC (requirement non eligible for support)<br><br>Taking directly or indirectly charge of activities contributing to recycling of recyclable packaging (such as collection, sorting and transport of the recyclable packaging waste to an authorised recycling installation) | Costs related to the collection, sorting and transport of the packaging waste to an authorised recycling installation, determined on a real cost basis | No of members using, times of use, no of journeys; cost savings in collection of packaging waste, and in costs of sorting and transportation to an authorised recycling institution | Tonnes and type of packaging used, increase in lifespan, tonnes of waste saved |
| 5.3<br>Actions to contribute to improved re use of reusable packaging                                   | Use of reusable packaging compliant with the essential requirements defined by the Directive 94/62/EC (requirement non eligible for support)<br><br>Taking directly or indirectly charge of activities contributing to reuse of reusable packaging (such as collection, sorting, cleaning and transport of the reusable packaging for its further reuse)                         | Costs related to the collection, sorting, cleaning and transport of the reusable packaging for its further reuse determined on a real cost basis       |   |  |
| 5.4<br>Actions to reduce the volume of plastic packaging material used by means of heat-sealer machines | Purchase of heat-sealer machines; Use of the machines as intended  | Expenditure related to the investment made   |   |  |

## Environmental Framework – Actions Table

| 6 Measures aimed at protecting the landscape, natural habitats and biodiversity   |  |  |                    |  |
|---|--|--|--------------------|--|
| Justification: Maintenance and/or improvement in biodiversity   |  |  |                    |  |
| Environmental actions   | Commitments  | Eligible expenditure   | Indicator          | Definition and measurement                                     |
| 6.1 Maintenance of uncultivated field margins, uncultivated areas for the encouragement of bumble bees, or beetle banks | Maintenance of the uncultivated field margins, uncultivated areas for the encouragement of bumble bees, or beetle banks<br><br>Requirements related to the duration of the action, as indicated in paragraphs 45 and 46, are applicable<br><br>Eligibility is limited to commitments going beyond the GAEC standards and other relevant mandatory requirements established by the national legislation | Additional costs and income foregone resulting from the action determined on a real cost basis |                    |  |
| 6.2 Conversion of arable land into permanent pasture  | Converting arable land into permanent pasture<br><br>Requirements related to the duration of the action, as indicated in paragraphs 44 and 45, are applicable<br><br>Eligibility is limited to commitments going beyond the GAEC standards and other relevant mandatory requirements established by the Community or national legislation  | Additional costs and income foregone resulting from the action determined on a real cost basis | Species benefiting | Maintenance or increase of numbers of plant and animal species |

## 7 Measures aimed at preventing soil erosion and promoting conservation of soils

### Justification: Prevent soil blows and erosion

| Environmental actions   | Commitments  | Eligible expenditure   | Indicator                    | Definition and measurement |
|---|--|--|------------------------------|----------------------------|
| 7.1 Actions to prevent soil erosion and promote conservation of soils   | <p>Undertaking activities that contribute to preventing soil erosion and to soil conservation (for example, mulching; maintenance of permanently vegetated areas, uncultivated contour belts; terrace building; adoption of specific conservation tillage practices; use of renewable products such as coir as an alternative to peat, as a measure to reduce pressure on endangered peatlands)</p> <p>Requirements related to the duration of the action, as indicated in paragraphs 44 and 45, are applicable</p> <p>Eligibility is limited to commitments going beyond the GAEC standards and other relevant mandatory requirements established by the national legislation</p> <p>(Note: the eligibility of any of the actions selected under Measures No 6 and 7 may be affected by modifications to cross-compliance requirements resulting from the CAP Health Check)</p> | <p>Additional costs and income foregone resulting from the action, a "real costs" approach being applicable.</p> | Areas and members benefiting |                            |
| 7.2 Acquisition of special equipment/ machinery, where complementary and necessary to actions to prevent soil erosion and promote conservation of soils (8.1) | <p>Purchase/lease of special equipment necessary to implementing actions aimed at preventing soil erosion and contributing to soil conservation (for example, ridge tying equipment, bedforming and clod separation equipment to manage land on an annual basis, and equipment to flood fields pre-cropping)</p> <p>Use of that equipment as intended</p>  | <p>Expenditure related to the investments made or to the renting/lease of the equipment/machinery concerned</p>  |                              |                            |



# Annex 6: List of operations and expenditure not eligible under operational programmes

1. General production costs and in particular; plant protection products, including integrated control materials, fertilisers and other inputs; packing costs, storage costs, packaging costs, even as part of new processes, costs of packages; costs of collection or transport (internal or external); operating costs (in particular electricity, fuel and maintenance), except:
  - Specific costs for quality improvement measures. In all cases costs for (even certified) mycelium, seeds and non perennial plants shall not be eligible;
  - Specific costs for biological plant protection materials (such as pheromones and predators) whether used in organic, integrated or conventional production;
  - Specific costs for transport, sorting and packing related to free distribution as referred to in Articles 81 and 82;
  - Specific cost for environmental measures, including costs generated by the environmental management of packaging;
  - Specific costs for organic, integrated or experimental production, including specific costs for organic seeds and seedlings. The competent authority of the Member State shall lay down the eligibility criteria for an experimental production taking account of the newness of the procedure or concept and the risk involved;
  - Specific costs to ensure the monitoring of compliance with the standards referred to in Title II of this regulation, with plant-health rules and with maximum level of residues;
  - Specific costs shall mean the additional costs, calculated as the difference between the conventional costs and the costs actually incurred.

For each category of eligible specific costs referred to above, in order to calculate additional costs compared with conventional ones, Member States may fix, in a duly justified way, standard flat rates.

2. Administrative and personnel costs with the exception of expenditure relating to the implementation of operational funds and operational programmes which shall include:
  - (a) overheads specifically related to the operational fund or operational programmes, including management and personnel costs, reports and evaluation studies, and the costs of keeping accounts and the management of accounts, by means of the payment of a standard flat rate up to a maximum of 2% of the operational fund as approved in accordance with Article 64 and up to a maximum of EUR 180,000, comprising both the EU contribution and the PO contribution.



In the case of operational programmes submitted by recognised APOs, overheads shall be calculated as the addition of the overheads of each PO as provided for in the first paragraph but limited to a maximum of EUR 1,250,000 per APOs.

Member States may restrict funding to the real costs, in which case they should define the eligible costs:

- (b) personnel costs including charges linked to wages and salaries, if these are directly borne by the PO, APO or subsidiaries as referred to in article 50(9) resulting from measures:
  - (i) to improve or maintain a high level of quality or environmental protection;
  - (ii) to improve the level of marketing.

The implementation of these measures shall essentially involve the use of qualified personnel. If, in such cases, the PO uses its own employees or producer members, the time worked shall be documented.

If a Member State wishes to provide an alternative to restricting funding to the real costs, for all the eligible personnel costs referred to above, it shall fix, ex ante and in a duly justified way, standard flat rates up to a maximum of 20% of the approved operational fund. This percentage may be increased in duly justified cases.

In order to request those standard flat rates, POs shall furnish proof of the implementation of the action to the satisfaction of the Member State:

- (c) legal and administrative costs of mergers of POs or their acquisition, as well as legal and administrative costs related to creating transnational POs or transnational APOs; feasibility studies and proposals commissioned by POs in this respect.

3. Income or price supplements outside crisis prevention and management.
4. Insurance costs outside the harvest insurance measures referred to in section 6 of Chapter III of Title III.
5. Reimbursement of loans taken out for an operation carried out before the beginning of the operational programme other than those referred to in Articles 48(4), 49(3) and 74.
6. Purchase of land costing more than 10% of all the eligible expenditure on the operation concerned and not built on except where purchase is necessary to carry out an investment included in the operational programme. In exceptional and duly justified cases, a higher percentage can be fixed for operations concerning environmental conservation.
7. Cost of meetings and training programmes except where they are related to the operational programme, including daily allowances, transport and accommodation costs where appropriate on a flat-rate basis.



8. Operations or costs relating to the quantities produced by the members of the PO outside the Union.
9. Operations that could distort competition in the other economic activities of the PO.
10. Second hand equipment which has been purchased with Union or national support within the seven previous years.
11. Investments in means of transport to be used for marketing or distribution by the PO with the exception of:
  - (a) investments in means of internal transport: at the moment of the purchase, the PO shall duly justify to the concerned member state that the investments shall only be used for internal transport;
  - (b) additional on-the-truck facilities for cold-storage or controlled atmosphere transport.
12. Hire except where economically justified as an alternative to purchase at the satisfaction of the Member State.
13. Operating costs of goods hired.
14. Expenditure linked to leasing contracts (taxes, interest, insurance costs, etc) and operating costs except:
  - (a) the leasing itself, within the limits of the net market value of the item and within the conditions laid down in point (b) of the first subparagraph of Article 55(1) of Commission Regulation (EC) No 1974/2006;
  - (b) the leasing of second hand equipment which has not received Union or national support within the seven previous years.
15. Promotion of individual commercial labels or labels containing geographic references except:
  - brands/trademarks of PO, APOs and subsidiaries in the situation referred to in article 50(9);
  - generic promotion and promotion of quality labels;
  - costs for promotional printing on packaging or on labels under any of the two previous indents on the condition that it is provided for in the operational programme.

Geographical names are allowed only if:

- (a) they are a protected designation of origin or a protected geographical indication, covered by Council Regulation (EC) No 510/2006(1); or



- (b) in all cases where the provision of point (a) does not apply, these geographical names are secondary to the principal message.

Promotional material for generic promotion and promotion of quality labels shall bear the emblem of the European Union (in the case of visual media only) and include the following legend: 'Campaign financed with the aid of the European Union'. POs, APOs and those subsidiaries in the situation referred to in article 50(9) shall not use the emblem of the European Union in promotion of their brands/trademarks.

16. Subcontracting or outsourcing contracts relating to the operations or expenditure mentioned as not eligible in this list.
17. VAT except non-recoverable VAT as referred to in Article 71(3)(a) of Regulation (EC) No 1698/2005.
18. Any national or regional taxes or fiscal levies.
19. Interest on debt except where the contribution is made in a form other than a non-repayable direct assistance.
20. Real estate purchase which has been purchased with Union or national support within the 10 previous years.
21. Investments in shares of companies if the investment represents a financial investment except investments contributing directly to the achievement of the goals of the operational programme.
22. Costs incurred by parties other than the PO or its members and APOs or their producer members or subsidiaries in the situation referred to in article 50(9).
23. Investments or similar types of actions not on the holdings and/or premises of the PO, APOs, or their producer members or a subsidiary in the situation referred to in Article 50(9).
24. Measures outsourced by the PO outside the Union.

## Action

A specific activity aimed at achieving an objective under the operational programme. A list of actions can be found at Annex 4 of this guidance.

## Agency

The Rural Payments Agency (RPA).

## Agriculture Departments

- Scotland – SG-DAFRC The Scottish Government Directorate for Agriculture, Food and Rural Communities Formerly known as Rural Payments and Inspections Directorate (SGRPID);
- Northern Ireland – the Department of Agriculture and Rural Development (DARD);

# Annex 7: Glossary

- The Department for Environment, Food and Rural Affairs (Defra) and the National Assembly for Wales Agriculture Department (NAWAD), no longer deal with the operational aspects of the scheme in England and Wales. This work is carried out by the Agency. However, Defra and NAWAD work closely with the Agency on policy matters related to the scheme.

## Annual Report

An annual report must be submitted by the PO on form FVS5 each year along with the application for aid. It must be received by 15 February.

## Annual Statistical Return

All recognised POs are required to submit a statistical return of their throughput in the previous calendar year to the Agency using form FVS9. This is requested by the Agency each year and will show the volume and value of produce handled by the PO. This information is sent to the European Commission for statistical and monitoring purposes.

## Association of Producer Organisations (APO)

A voluntary, legally constituted group of recognised POs who wish to submit a joint operational programme or to combine for part of their programmes.

## Baseline Indicator

An indicator identifying the starting position of the PO in relation to the programme.

## By Product

A by product means a product which results from preparation and/or processing of a fruit or vegetable product which has a positive economic value but is not the main intended result.

## Ceiling on Aid

An individual ceiling on aid is applied to each PO with an operational programme. This is a fixed ceiling set at 4.1% of the value of the marketed production (VMP) based on the relevant reference period or 50% of eligible expenditure, whichever is lowest. An additional 0.5% of aid is available solely for crisis prevention and management measures. POs who are at or near the maximum ceiling of 4.1% can claim this additional funding. POs will not be able to claim more than 4.6% of their VMP figure.

## Direct Sales

These are sales by members of a PO sold directly to consumers for their personal needs (for example, farm gate sales, farm shops sales, or pick your own). Members may sell up to 25% of total production of eligible crops. Such sales are subject to the agreement of the PO and must be in compliance with PO rules.

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## Final Report

After the final year of the operational programme, a final report must be submitted. It takes the form of an assessment of the entire programme. The assessment, which may be prepared with the assistance of a specialist consultant, must verify the attainment of objectives set for the programme, where appropriate, suggesting changes to operations and methods to be considered when subsequent programmes are drawn up.

## Item of Expenditure

An action taken under the operational programme and forming part of a measure.

## Marginal Sales

These are sales by a PO member (either marketed themselves or through another PO designated by their own organisation which are marginal in relation to the volumes marketable by their own organisation. For the purposes of this definition, marginal is taken to mean 10% of the total marketable production of the PO.

## Marketable Production

This is the figure that is used in assessing eligibility for recognition. It includes marginal sales by members directly to consumers. An average is taken of the figures for the three years prior to submission of the application for recognition.

## Marketed Production

This is the product of members of the PO that is marketed through that PO. This is used to calculate the ceiling on grant payable to the PO.

## Marketed Production Reference Period

An annual period on which the marketed production of a PO is calculated. In the UK the reference period is the accounting period for the PO.

## Measure

A measure means one of the following:

- actions aimed at planning of production, including acquisition of fixed assets;
- actions aimed at improving or maintaining product quality, including acquisition of fixed assets;
- actions aimed at improving marketing, including acquisition of fixed assets, as well as promotion and communication activities, other than promotion and communication activities falling under crisis management;
- research and experimental production, including acquisition of fixed assets;

- training actions, other than training falling under crisis management and actions aimed at promoting access to advisory services;
- environmental actions as referred to in Article 103c(3) of Regulation (EC) No 1234/2007, including acquisition of fixed assets;
- other actions, including acquisition of fixed assets other than those falling under points above which fulfil one or more of the objectives referred to in Article 103c(1) of Regulation (EC) No 1234/2007;
- any of the six crisis prevention and management instruments listed in points (a) to (f) Article 103c(2) of Regulation (EC) No 1234/2007.

### Midterm Evaluation

A midterm evaluation exercise, which may be carried out with the aid of a specialised consultancy office must be completed halfway through the programme. It must examine the efficiency and the effectiveness of the operational programme, as well as providing an assessment of the progress made in relation to the overall objectives of the programme. This should be compiled using the common indicators relating to the baseline situation, results and, where appropriate, impacts.

### National Strategy

A National Strategy for sustainable operational programmes in the fruit and vegetable market. The strategy is owned by Defra and includes an analysis of the current situation in the fruit and vegetable sector within the UK, priorities for moving the sector forward, objectives of operational programmes and performance indicators and reporting obligations for POs.

### Objective

An objective is one of the obligatory objectives listed in Commission Regulation (EC) 543/2007:

- ensuring that production is planned and adjusted to demand, particularly in terms of quality and quantity;
- concentration of supply and the placing on the market of the products produced by its members;
- optimising production costs and stabilising producer prices;
- planning of production;
- improvement of product quality;
- boosting the commercial value of products;
- promotion of the products, whether in a fresh or processed form;
- environmental measures and methods of production respecting the environment, including organic farming; and
- crisis prevention and management.

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## Operational Fund

A fund held in a separate PO bank account which has income from members' contributions and EU aid payments for operational programmes. This fund is used to pay for expenditure incurred on the operational programme.

## Operational Fund Contributions

Contributions made to the operational fund account by members. The rate of contributions must be set at a level which will ensure that the PO can match the EU funding for the operational programme.

## Operational Programme

A three to five year business plan submitted by the PO which aims to improve the performance of the PO and its members in terms of product quality, marketing and environmental conditions by implementing a series of measures addressing certain objectives at the beginning of the programme. It is financed from the operational fund and is eligible for community funding, subject to ceilings on aid. All programmes are subject to approval by the Agency.

## PO Member

Growers of crops falling within the EU Fresh Fruit and Vegetables Aid Scheme, who have signed membership agreements committing them to sell their produce through the PO.

Membership can also be extended to include:

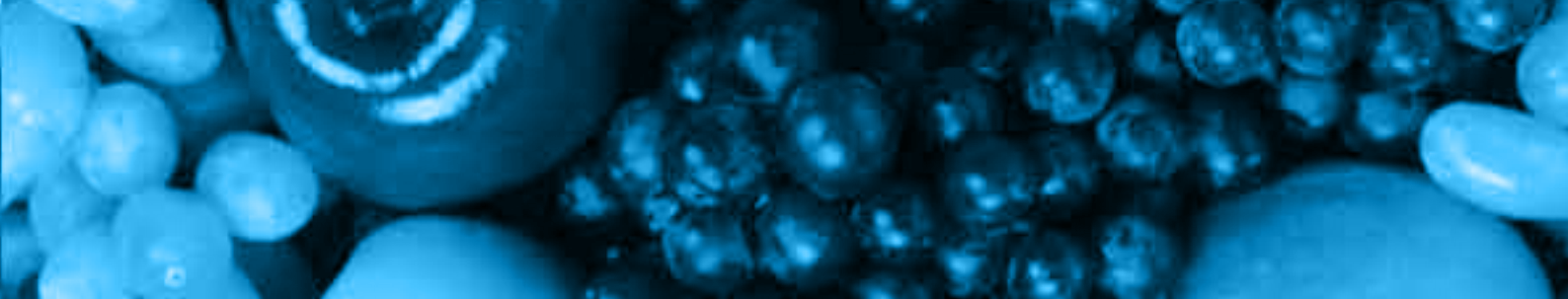
- retired members (these may retain honorary or associate status);
- people who do not grow fruit and vegetable crops for sale through the PO (their membership is allowed on the condition that there is no conflict of interest between them and the business of the PO); and
- non-growers whose interests are the same as the PO for example, Managing Director or independent chairman of Board of Directors (their membership is allowed on the condition that there is no conflict with any other business interest).

Please note: the minimum level of membership and turnover for recognition purposes must only be based on growers of crops for which the PO is recognised. In addition, only members who grow recognised crops and market them through the PO may contribute to the operational fund, or benefit directly or indirectly from it.

## Recognition

Status granted by national authorities to POs who meet all the eligibility criteria set out in the EC Regulations. Only recognised POs may implement operational programme.





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## Subsidiary

Means a company in which one or more POs or APOs have taken shares and which helps to increase the added value of the production of their members.

## Transnational POs or APOs

Any organisation where at least one of the producers (or POs) is located in a Member State other than where the organisation (or association) has its head office.





RPA - Fruit and Vegetables Aid Scheme Guidance

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