



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



## Southern Shropshire LEADER Programme

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

#### Developing sustainable micro and small enterprises and farm diversification

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

- **Developing or starting rural micro and small businesses**  
The Southern Shropshire LEADER programme supports sustainable, inclusive and innovative approaches to addressing challenges faced by small and micro enterprises that ultimately lead to an increase in jobs and growth. The Southern Shropshire LEADER Programme supports the development and the innovation of the southern Shropshire SME sector.
- **Farm diversification projects**  
Farm Diversification is one of the ways that farmers can improve the economic performance of their business. By diversifying, farmers can generate income from sources other than conventional agricultural commodities and by doing so improve the economic viability of their businesses. Diversification will play an important role in the continued business success of the local farming sector and therefore the management and stewardship of the landscape and environment, which is one of Southern Shropshire's key economic assets.

#### Examples of possible activities the programme may support:

- To support small/micro businesses and farm diversification.
- Support for network based, co-operative approaches to work and digital media and IT solutions to enable small/micro businesses to be more effective and/or better networked.
- An inclusive and targeted approach to addressing barriers to work for women, young people, disabled people, entrepreneurs aged 55+ and the socially excluded.
- Support for entrepreneurship, business start-ups, social enterprises and CICs, and entry into self-employment.
- Support for sustainable, innovative projects to increase farm diversification.

- Support for small food and drink producers and diversification into food/drink production. Innovation support and sharing of best practice between small businesses and centres of technical expertise.

## Who can apply

These grants are for:

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

\*Small and Micro Enterprises (SMEs) play a crucial role in southern Shropshire's economy. The main factors determining whether a company is 'micro' or 'small' used by the Commission for the purposes of European funding are i) number of employees and ii) either turnover or balance sheet total.

Company category	Employees	Turnover	or	Balance sheet total
Small	< 50	≤ € 10 m		≤ € 10 m
Micro	< 10	≤ € 2 m		≤ € 2 m

These ceilings apply to the figures for individual firms only. A firm which is part of larger grouping may need to include employee/turnover/balance sheet data from that grouping too.

## Grant limits

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

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

## State aid rules

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

## What is eligible

Grants can be used for:

- starting a new business;

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

### **Costs could include:**

- construction, acquisition (including leasing) or improvement to buildings;
- the purchase or hire purchase of new and second hand machinery and equipment (please see further guidance on hire purchase on page 2 and second-hand equipment on page 25);
- general costs such as architect, engineer and consultation fees (restricted to a maximum of 15% of total project costs);
- intangible investments including, acquisition or development of computer software;
- acquisition of patents, licences, copyrights, trademarks;

### **What isn't covered**

- any of the ineligible items under Priority 1 if funding agricultural contractors;
- moveable fittings such as soft furnishing, beds, tables, chairs, curtains, television and audio equipment, crockery, cutlery, small kitchen equipment (eg toasters, kettles, food mixers etc);
- computers, software and printers used for the general running of the business such as processing orders and accounts;
- costs that are incurred before the date of the grant funding agreement;
- costs for standard agricultural equipment and standard agricultural buildings;
- costs for standard agricultural inputs, like animals, seed, feed, fertiliser, sprays and annual crops;
- costs of agricultural production rights and payment entitlements;
- costs of getting any consents needed, for example planning permission;
- costs for anything that's a standard industry obligation, for example requirements of the Basic Payment Scheme <https://www.gov.uk/government/collections/basic-payment-scheme>;
- financial charges, such as interest, fines and maintenance;

- reclaimable VAT;
- any items already subject to EU or national funding;
- projects the applicant is required to do to meet a legal or statutory requirement;
- like for like replacements of existing items such as buildings, equipment and machinery;
- costs connected with a leasing contract, such as lessor's margin, interest refinancing costs, overheads and insurance charges;
- salaries and running costs for commercial business applicants;
- long term salaries and running costs for community or not for profit projects;
- like for like relocation of the business;

*Note - if the business needs to relocate in order to expand it can only apply for funding towards the costs of the expansion.*

- own labour;
- in-kind contributions;
- Renewal of licence fees, subscriptions and service charges;
- standard computers, standard computer software for management of accounts, and mobile telephone equipment;
- costs for plant and equipment directly associated with the generation of energy from renewable sources which are supported through the [Renewable Heat Incentive \(RHI\)](#) or [Feed-In Tariffs \(FITs\)](#);
- Standard, non-specialised vehicles, such as cars, (including 4 X 4), motorbikes, people carriers (minibuses are eligible under Priority 4 – Rural services);
- Contingency budgets.

## Contact

**Mr Pete Banford**

[pete.banford@shropshire.gov.uk](mailto:pete.banford@shropshire.gov.uk)

**01743 254796**

Shropshire Council  
 Southern Shropshire LEADER Programme  
 Shirehall  
 Abbey Foregate  
 Shrewsbury  
 Shropshire  
 SY2 6ND