



Llywodraeth Cymru  
Welsh Government

# Sustainable Production Grant Supporting Document Technical Appraisal and Verification Guide



Cronfa Amaethyddol Ewrop ar  
gyfer Datblygu Gwledig:  
Ewrop yn Buddsoddi mewn Ardaloedd Gwledig  
European Agricultural Fund for  
Rural Development  
Europe Investing in Rural Areas



Llywodraeth Cymru  
Welsh Government

The Welsh Government Rural Communities -  
Rural Development Programme for Wales

2014-2020

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## **INTRODUCTION**

The Sustainable Production Grant (SPG), available under the Welsh Government Rural Communities – Rural Development Programme 2014-2020, requires all selected applicants to provide specific documentation and information in support of their application for a SPG contract. These documents are assessed and verified by the Welsh Government to determine the applicant's eligibility for contract and grant.

This booklet provides guidance on the technical appraisal and verification procedures undertaken by Welsh Government to help applicants prepare and complete fully comprehensive documentation in support of their application. Welsh Government will introduce additional checks, as necessary, should any risk or anomaly be identified during appraisal.

All supporting documents should be submitted via the applicants RPW Online account.

Records concerning the application and claim for grant, including all original invoices and any other related documents, must be retained by the applicant for at least seven years after the date of approval.

It is important that successful applicants read this booklet, along with all SPG scheme guidance, available at [Sustainable Production Grant | beta.gov.wales](https://beta.gov.wales/sustainable-production-grant). Failure to do so could result in an application being rejected.

## **IMPORTANT**

**Only SPG applicants who have been notified of being selected by the Welsh Government following successful submission of an Expression of Interest are required to complete and submit the following documentation for technical appraisal by the Welsh Government.**

**If you are unsure whether this applies to you, please contact the Customer Contact Centre on 0300 062 5004 or via your RPW Online account.**

## **SECTION A - FIVE YEAR BUSINESS PLAN AND THREE YEARS CERTIFIED ACCOUNTS**

In order to determine the viability of a business, validity of a proposed investment and need for grant, a detailed 5 year business plan of the whole business is required. In addition, applicants are required to provide 3 years of Certified Accounts. The plan should not simply focus on the capital grant requested, but be a holistic plan directed at the future of the business, rather than solely designed to secure grant.

Applicants may provide their own plan or may wish to contact an agricultural consultant.

### **Appraisal Format**

Appraisal of the business plan and certified accounts will consider the following:

- An evaluation of the plan, to include:
  - Existing Business
  - Farm Practices
  - Land
  - Labour
  - Machinery
  - Buildings
  - Livestock
  - Cropping
- Financial position of the business, to include financial overheads and turnover, issues and concerns.
- How the project will be funded in addition to any award of grant.
- Trading outlook and how the business will cope. Consideration will also be given to any cash flow issues noted as part of the appraisal.
- Evidence that the investment and any subsequent planned investment will save money or decrease costs and any benefits that it would bring to the existing business.
- Benefits to the wider rural economy.
- How the business will be more profitable and that profit is sufficient for the future i.e. profit in relation to cash needs.
- Strengths and Weaknesses of the business.
- Risks identified that could affect delivery of the proposed project.
- Examination of the latest accounts to determine:
  - a positive profit in the profit and loss account;
  - a positive balance sheet net current asset (working capital) position and any explanations provided.
- Has the investment applied for been accounted for in the financial forecasts and is the forecast reasonable in comparison with previous years.

- Demonstration of why the project is necessary for the business at this time.
- How the project will deliver a step change in best practice and modernisation within the business.
- Evidence provided that demonstrates that, without grant, the project would not proceed. If the need for grant is financial, does the cash flow forecast show a cash deficit without grant support?
- The need for full planning consent or evidence from the planning authority that planning is not required.
- Further investigation with applicant if any risk or anomaly is identified during appraisal.
- Compliance of funded items with Regulatory Requirements and those listed in SPG Annex A, including, where applicable:
  - SSAFO;
  - Control of Pollution (Oil Storage) Wales Regulations 2016;
  - BS 5502;
  - NRW/Local authority Consents where investments affect slurry or silage storage systems or could affect water flow.

## **SECTION B - QUOTES**

All applicants must refer to and comply with the Welsh Government Competitive Tendering and Public Procurement Technical Guidance Notes available on this link [Rural Development Programme 2014 to 2020: technical guide to competitive tendering and public procurement | beta.gov.wales](#)

All applicants must document and retain for their records all competitive tendering using the Welsh Government Competitive Tendering Register and Record available on the attached link [Rural Development Programme 2014 to 2020: competitive tendering and public procurement template | beta.gov.wales](#)

The applicant is responsible for ensuring the competitive tendering process is followed correctly, fully documented and the documentation is available upon request.

If you are considering purchasing second hand equipment and are unsure of how to evidence with quotes, please contact the Customer Contact Centre on 0300 062 5004 for advice.

There is a significant risk that grant could be recovered in full or in part if the competitive tendering process is not followed correctly and supporting documentation is not retained.

## Appraisal Format

Appraisal checks of all quotes submitted will include the following:

- Compliance with Welsh Government Competitive Tendering and Public Procurement procedures and requirements;
- Reasonableness of costs;
- Reason and rationale provided by the applicant if the cheapest supplier is not the preferred quote;
- Comparability and timeliness of quotes;
- Further investigation with applicant and/or supplier by the Welsh Government if any risk or anomaly is identified during appraisal;
- Welsh Government will request the Competitive Tendering and Public Procurement Register and Record during appraisal.

## SECTION C - NUTRIENT EFFICIENCY PLAN

The Nutrient Efficiency Plan must detail how the proposed investment will improve the nutrient management on farm and the impact it will have on Greenhouse Gases.

The applicant must complete the Nutrient Efficiency Plan section of the **Core Criteria, Nutrient Efficiency and Water Efficiency Form** available at [Sustainable Production Grant: rules booklets | beta.gov.wales](https://beta.gov.wales/sustainable-production-grant-rules-booklets)

## Appraisal Format

Appraisal of the plan will include the following:

- An evaluation of the plan
  - Farming system, to include past and future cropping
  - Livestock systems and numbers
  - Current Slurry/Manure Practice – quantity, collection, storage and spread policy (including any bought in manure e.g. sewage sludge, poultry manure etc)
- Appraisal of any soil nutrient sample results provided including how investment could impact these results.
- If investment is for storage facilities confirmation of:
  - a) Total volume of slurry produced in 160/190 days as appropriate (m<sup>3</sup>)
  - b) Projected slurry production (if different from above) (m<sup>3</sup>)
  - c) Capacity of proposed slurry store (m<sup>3</sup>)
  - d) Potential shortfall if relevant (m<sup>3</sup>)

- Appraisal of risks that could adversely affect nutrient management as a result of delivery of this project.
- Outline fertiliser and cost savings achieved from utilising slurry/FYM effectively.

## **SECTION D - WATER EFFICIENCY PLAN**

The Water Efficiency Plan must outline the current water requirements and the cost to the farm along with options and how the capital investment will help improve water efficiency.

The applicant must complete the Water Efficiency Plan section of the **Core Criteria, Nutrient Efficiency and Water Efficiency Form** available at [Sustainable Production Grant: rules booklets | beta.gov.wales](https://beta.gov.wales/sustainable-production-grant-rules-booklets)

### **Appraisal Format**

Appraisal of the plan will include the following:

- Evaluation of the plan:
  - Enterprises and production system employed;
  - Livestock systems and numbers;
  - Proposed increase in herd size or increase in cropping, if relevant.
- Current water-using operations and volumes of water used.
- Current water usage cost and current water management cost.
- Volume of water harvested/re-used or saved and associated costs saved (including disposal costs) as a result of each recommendation.
- Appraisal of justification of the options and recommendations for improving water efficiency (capital and non-capital).

## **SECTION E - CORE CRITERIA**

The applicant must complete Sections 3 to 10 of the **Core Criteria, Nutrient Efficiency and Water Efficiency Form** available at [Sustainable Production Grant: rules booklets | beta.gov.wales](https://beta.gov.wales/sustainable-production-grant-rules-booklets)

SPG offers capital investments in equipment and machinery that have been pre identified to address the impacts of on farm pollutions and offering clear and quantifiable benefits to the farm enterprise and wider environment. All investment

items available have been pre-determined as meeting the objectives and strategic fit of the scheme.

## **Appraisal Format**

Appraisal of the Core Criteria will include the following:

### Financial and Compliance

- Assessment of how the project will be funded in addition to award of grant.
- Reasonableness of the proposals.
- Expected return, financial or environmental.
- Identification of risk.

### Delivery

- Assessment of need for investment.
- Proposals for implementation/installation. To include location and planning consents.
- Timescales for delivery and completion.
- Evaluation of any risks identified that could affect delivery and resolutions proposed by the applicant.

### Management of Operation

- Assessment of the delivery plan, project management proposals and activities and resources proposed to deliver the investment.

### Value for Money

Please refer to **QUOTES** at Section B for assessment format.

### Indicators and Outcomes

- Confirmation of jobs safeguarded and created.

### Suitability of Investment

- Assessment of need and advantage of the investment to the business.
- To what extent does the investment provide a new or different approach/solution for the existing business?



## Cross Cutting Themes

- Evidence of how the project will contribute towards the cross cutting themes of:
  - Equality of Opportunity in Gender Mainstreaming
  - Sustainable Development
  - Tackling Poverty and social exclusion
  - Welsh Language.

## Long Term Sustainability

- Evaluation of proposals for maintaining investment following completion of project and objectives following completion of investment.

## **SECTION F - DOCUMENTATION SUBMITTED IN SUPPORT OF CLAIMS FOR GRANT**

Payment Claims for grant can only be made via an RPW Online account following completion of the investment, as offered in the SPG contract, and accepted by the applicant. Supporting documents must be submitted with the payment claim via the applicant's RPW Online account.

A payment claim must be submitted for each investment item and each payment claim must be supported by invoices and evidence of defrayment for the claim for payment to be considered valid by Welsh Government.

Claim payment will be capped to the grant value of the investment item as approved in the contract or to the determined amount following verification of the claim and supporting evidence submitted, whichever is the lesser.

If a claim is incorrect, the claim will be reduced to the amount that is eligible and the grant to be paid will be calculated accordingly. However, if the error is more than 10% of the total amount claimed, a financial penalty will also be applied.

### **Verification Check Procedures**

All documentation submitted by the applicant in support of SPG Capital Works payment claims will be subject to administrative verification checks by Welsh Government before payment.

Administrative verification checks will include the following:

- Invoices have been submitted in support of the payment claim and that each invoice displays the following:
  - Clearly marked 'INVOICE' by the supplier;
  - A unique identification number;
  - Applicant's name, address and contact information;

- Supplier's company name and address;
  - A clear description of the work that is being charged for;
  - The dates that the goods or service were provided (supply date);
  - Date of the invoice;
  - The amount(s) being charged;
  - VAT amount if applicable;
  - The total amount owed.
- Hire Purchase contract, where applicable, and that the contract is made out to the SPG contract holder.
  - Bank Statements have been provided for each transaction that demonstrate defrayment.
  - Reconciliation of the submitted claim, invoice and bank statement. If the value of the transaction does not match the invoice, the applicant or supplier will be required to submit a breakdown of the whole payment and supporting invoices.
  - If payments are made by cheque, a photograph of the written cheque will need to be submitted to link to the invoice and bank statement.
  - Submission of the claim and supporting documents are within the scheme timelines.
  - Specification of goods invoiced match those approved on the contract and for which the applicant has made a claim for payment. If the description provided does not provide sufficient detail to verify the item claimed, the Welsh Government may contact the customer/supplier for a more detailed invoice to evidence the claim made.
  - Confirm the payment claim and invoice does not include ineligible items, not approved under contract.
  - Verify that the invoiced goods or services were provided after the acceptance date of the contract, to include any deposits paid.
  - The invoicing supplier is the same as in the approved quote or that a request to change supplier has been submitted and agreed with Welsh Government before claim.
  - Ensure planning consents have been received and verified before payment.
  - All contracted investment items have been bought, completed, claimed and paid in order to meet scheme eligibility.