



**Rural Affairs and the Environment:
Marine Directorate**

EUROPEAN FISHERIES FUND (EFF)

**FISHING VESSEL MODERNISATION
SCHEME
(Including RE-ENGINEING)**

GUIDANCE NOTES

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1. INTRODUCTION

1.1 Grant aid for projects in the fisheries sector is available under the European Fisheries Fund (EFF) programme for 2007-2013¹. EFF provides for capital grants to assist across a range of measures. These notes are concerned in particular with the aid scheme for **FISHING VESSEL MODERNISATION** and **RE-ENGINEING** being managed by the Scottish Government's Marine Directorate.

1.2 The notes are intended to provide guidance on the terms of the scheme and to assist the preparation of applications which would be eligible for grant. Please note that:-

- careful reading can save time and effort;
- the award scheme is competitive: it is unlikely that all eligible projects will be successful;
- these notes are for guidance purposes only and do not represent a statement of law.

1.3 To obtain an award under EFF, projects must also have obtained a grant of from a public source of funding (e.g. Government department, local authority or enterprise company) in the UK. Different rates of publicly sourced grants apply in different parts of Scotland. For these purposes, the "location" of a vessel modernisation project will be taken to be the vessel's home (base) port. The following table summarises these grant rates (expressed in percentages of eligible costs):-

1.4 The Scottish Government may be prepared to provide this grant (which will only be paid if EFF grant is awarded and subsequently paid). Available funds are, however, limited and you may also wish to approach these other bodies, some of whom run approved support schemes, in seeking to ensure funding for your project.

1.5 In addition to the limits set out above, the EC Regulation places limits on the assistance that may be made available, with reference to vessel length and tonnage. More detailed advice on these provisions can be obtained, if necessary, from the contacts listed in section 4 of these notes.

¹ Council Regulation (EC) 1198/2006 of 27 July 2006 published in the Official Journal of the European Communities No L223/1, 15 August 2006. Details of the rules on implementation of EFF aid are given in Regulation (EC) 498/2007 of 26 March 2007, published in the OJ L120/1, 10 May 2007. Copies of Official Journals are available from most public libraries or from the Stationery Office.

Rates of Grant etc

1.6 You may apply for up to 40% grant for vessel modernisation and up to 20% for vessel re-engining, these rates apply across Scotland. Additional grant may be available for vessels under 12m overall length which do not used towed gear, subject to consultation.

Vessel Modernisation

	Highlands and Islands	Rest of Scotland
EFF grant: <u>up to</u>	30%	20%
<u>Minimum</u> level of UK grant	10%	20%
<u>Minimum</u> applicant contribution	60%	60%

Vessel Re-Engining

	Highlands and Islands	Rest of Scotland
EFF grant: <u>up to</u>	15%	10%
<u>Minimum</u> level of UK grant	5%	10%
<u>Minimum</u> applicant contribution	80%	80%

1.7 Vessels under 12m overall length which do not used towed gear may receive an additional 20% grant for vessel modernisation and re-engining. – *Subject to consultations*

Maximum and Minimum Project Sizes

1.8 It is not intended to set a minimum eligible project cost. Limited resources make it unlikely that aid will be available to projects with a total eligible cost which exceeds £500,000.

2. SCHEME OBJECTIVES AND PRIORITIES

Objectives of the Fishing Vessel Modernisation and Re-Engining Scheme

2.1 It is not the aim of grant assistance simply to subsidise the costs of projects. Rather, the intention is to promote projects and activities which would not otherwise be taken forward, resulting in benefits to the fisheries sector and communities – for example new or safeguarded jobs, quality and value added, environmental benefits and energy efficiencies.

2.2 Financial investment in the fishing fleet should aim to improve or maintain the quality of the catch through fish-holding facilities/gear selectivity etc projects and stimulate employment/maintain work in boatyards and equipment manufacturing facilities increase energy efficiencies and traceability. Investment should also provide a safe and hygienic working environment for fishermen without bringing about an increase in fishing capacity or effort.

2.3 In selecting projects for award of grant, priority will be given to:-

- a. modernisation projects, involving catch-handling/hygiene improvements, to raise the quality of fish landed and to increase the energy efficiency of the vessel;
- b. projects involving vessels in the following order of precedence:-
 - vessels between 10 and 20 years old
 - vessels between 21 and 30 years old
 - vessels over 30 years old
 - vessels less than 10 years old;
- c. projects which promote sustainable fisheries (for example through diversification away from pressurised stocks);
- d. projects which support the development of low environmental impact fisheries and/or the adoption of environmentally sensitive catching methods;
- e. projects which support local, shore-based fisheries activities (e.g. through landings into the area);

2.4 The EFF may contribute to one replacement of the engine per vessel, provided that:

- a. for vessels under 12 metres in overall length and not towing gear the new engine has the same power as the old one or less;
- b. for vessels up to 24 metres in overall length other than those referred to in point a), the new engine has at least 20% less power than the old one;

- c. for trawlers of more than 24 metres in overall length, the new engine has at least 20% less power than the old one, the vessel is subject to a rescue and restructuring plan and changes to a less fuel-intensive fishing method.

2.5 The reduction of engine power may be achieved by a group of vessels for each category referred to above. Group re-engining will be considered where:

- the number of vessels in the group do not exceed 50;
- vessels withdrawn from the fleet using public aid cannot be included in the group;
- all the vessels in the group operate in the same management areas;
- the vessels are individually identified; and
- all the vessels in a group will belong to the same fleet and therefore use the same main fishing gear.

2.6 For any aid for vessel re-enging the following measures will be used:

- a marine surveyor will confirm reduction, or like for like power, of new engine(s);
- the group will be notified to the Managing Authority;
- for each vessel belonging to a group, the membership of the group will be registered in a note in the fishing vessel register;
- vessels removed from the group and used to justify a grant will be permanently deleted from the fishing register in the same way as decommissioning. Any such vessel will be scrapped or a legal declaration made prohibiting its future use as a fishing vessel; and
- decrease in engine power used to justify grant will be deducted from the reference level and the level for entry/exit of capacity. This will be notified in the annual report for the fishing fleet.

2.7 Applications for support may exceed available resources. In choosing between projects, or deciding on the level of any grant to be awarded, consideration will be given, where appropriate, to:-

- a) the need for financial support and value for money; and
- b) the contribution the project will make towards programme and scheme objectives in terms of:
 - sustainability considerations;
 - economic and social benefits;
 - fit with the policy aims of the Common Fisheries Policy and national projects/initiatives;
 - environmental impact;
 - equal opportunities.

Ranking Applications and Awards of Grant

2.8 Projects for which applications for assistance are received will be scored and ranked in accordance with the aims and priorities of the scheme set out above. An example of the scoring criteria to be used for this purpose is at Annex A. The need for financial assistance will be assessed in each case. In the event that bids for assistance exceed funds available under the scheme, priority will be given to those projects which contribute best towards scheme objectives. Projects will therefore not necessarily attract all, or indeed any, of the assistance for which application is made.

Stakeholder Advisory Group/Selection Panel

2.9 All funding decisions on eligible applications will be considered by a Selection Panel convened for the duration of the programme, to ensure consistency of treatment throughout the programme. This will take place either through a formal meeting or by agreed written procedure. The Panel will be comprised of individuals with relevant sectoral expertise who represent regional public bodies, the fishing, aquaculture and processing industries and will be chaired by the Scottish Government.

2.10 The secretariat for the above panel will be provided by the Scottish Government Marine Directorate.

2.11 All applications deemed eligible for consideration for support will be presented to the Selection Panel for consideration. A minimum of two Selection Panel meetings will be convened each year. Summarised details of successful applications and their awards will be publicised by news release and posted on the Scottish Government website following each tranche round.

Customer Care

2.12 This section sets out our commitments to customer care, defines the standards of service that we will offer and the part that you can play. We see customer care as a partnership between the Scottish Government and our customers. Working together will ensure that we can meet each other's expectations and help shape the way that we deliver services to you.

Levels of service you can expect

2.13 We believe that you have the right to expect an effective and efficient service and we are committed to providing the best possible service within the resources that we have available.

How we will treat you

2.14 We will:

- be polite and treat you with courtesy, fairness, honesty and respect.
- introduce ourselves when we meet.
- listen to you carefully and use Plain English when we speak or write to you
- explain our decisions and the reasons for them

2.15 We expect you to treat our staff with respect and be as helpful as you can.

How we will respond when you contact us

2.16 We will:

- answer your telephone calls promptly and if the person you need to speak to you is not there, pass you to someone who can help or, get someone to call you back
- give you the opportunity to hold private discussions with us and take account of any special facilities you may need to do this
- take any messages with care and pass them on without delay
- give you a full answer to your telephone enquiry immediately or within five working days. If providing the answer will take longer than this we will let you know who is dealing with your enquiry and the date by which we hope to give you an answer
- give you a full answer to your email or letter within 14 working days. If providing the answer will take longer than this we will let you know who is dealing with your enquiry and the date by which we hope to give you an answer

We expect you to keep to agreed appointments or let us know as soon as possible if you need to change the arrangements.

What we will do with the information you give us

2.17 We will:

- respect the requirements of the current legislation: The Data Protection Act 1998; The Freedom of Information Act 2002; and The Environmental Information (Scotland) Regulations 2004
- let you know you if we get a request for information we hold about you and keep you informed about the information which we have given in response to the enquiry.
- publish information on the grants we pay you.

How we will provide information

2.18 We will provide clearly written and accurate information about the grants that we offer. We will provide paper copies if you need them. You will also be able to download copies from our website at: www.scotland.gov.uk/Topics/Fisheries/grants-subsidies

How you can get information to us

You can e-mail documentation to us at; EFF.ScottishGovernment@scotland.gsi.gov.uk, or write to us at

EFF Grants Team
Room 420
Pentland House
47 Robb's Loan
Edinburgh
EH14 1TY

Visiting you

2.19 If we have made an appointment with you we will do our best to arrive promptly and will identify our selves when we arrive. Sometimes we will visit your property, but may not be able tell you in advance because of the rules that govern how we pay grants. When we visit you we will explain what we need to do when we arrive at your property. We will do our best to cause you as little inconvenience as possible.

3. ELIGIBILITY

Who Can Apply

3.1 The scheme is open to the owners of UK-registered fishing vessels, including individuals and partnerships who operate from a Scottish based port.

Eligible and Ineligible Projects

3.2 You may make an application for funding if your project contributes to the scheme objectives described in Section 2. This may include, for example, projects to provide for:-

- refrigeration equipment;
- upgrading/insulation of fish rooms;
- fish handling or washing equipment;
- more selective fishing gear;
- more fuel efficient engines
- equipment to improve the traceability or marketing of fish.

3.3 The following projects however will not be eligible for assistance:-

- a. projects concerned with routine repair and maintenance work or the provision or installation of statutory safety or other equipment on board vessels;
- b. project work leading to an increase in vessel capacity (i.e. tonnage and/or engine power);
- c. project work not carried out within the EC;
- d. projects in receipt of other European Community grant aid;
- e. projects leading to an increase in fishing effort or capacity;
- f. project work started prior to acknowledgement of receipt by the Marine Directorate of an application for EC aid and/or approval by an authorised marine surveyor;
- g. where the vessel has not spent a minimum of five years on the EC fishing vessel register.

Eligible and Ineligible Expenditure Within Projects

3.4 Any award of grant will be based only on costs which are eligible for assistance. The following items or areas of expenditure are not eligible for assistance and would not therefore be included:-

- a. working capital;
- b. own labour and equipment costs;
- c. maintenance costs;
- d. consumables (items normally written off within a year);
- f. any related fishing vessel licensing or quota purchase costs.

3.5 Inclusion of any ineligible costs in an application will not normally render the whole project ineligible, but they would not be included in the amount on which any award of grant is calculated. However, if the value of ineligible costs, excluding land purchase costs, in an application amounts to more than 40% of the estimated total project costs, then the application will be rejected.

4. HOW TO APPLY

4.1 To test the eligibility of your project please read the relevant sections of these guidance notes and check whether it fits the criteria before applying.

4.2 At the early planning stages of your project it is suggested you contact the Marine Directorate (see details below) for general advice on the scheme and completion of the application form.

4.3 If you decide to proceed you should complete the application form and send the original plus 2 copies to the Marine Directorate, together with all the required supporting documentation, **before work on the project starts**.

4.4 Your application will be acknowledged immediately upon receipt in the Marine Directorate and checked for completeness within 30 working days. Any work done or equipment delivered before the acknowledgement date will not be eligible for grant and may render the whole application ineligible.

4.5 the Marine Directorate intends normally to make two rounds of awards under the scheme in each year of the EFF programme. Applications may be submitted at any time although potential applicants will be advised of closing dates for each round.

4.6 If you decide to apply, please bear in mind that:-

- each application must constitute a complete project or a separate viable part of a project;
- you will need to demonstrate your need for financial support and that both the project and your business are viable;
- you will not necessarily receive all or any of the grant for which you apply. Much will depend on how well your project compares with others in meeting the aims and objectives of the scheme;
- Council Regulation (EC) No 1198/2006 sets out ceilings on rates of assistance for vessel modernisation and re-engining projects, which depend on the tonnage and length of the vessels. The calculation of the maximum of any grant will be carried out by the Marine Directorate in checking applications. You will be advised if the amount of aid in any award is to be restricted.
- the Marine Directorate can only offer general advice on the completion of application forms. If you employ consultants to help prepare your application you should ensure that they are wholly familiar with the rules/criteria of the scheme and all aspects of your proposed project. Responsibility for the content of the application and any supporting information/documentation rests with you and cannot be transferred to your consultants;

- you must comply with all relevant legal requirements in respect of your project.

Who to contact

4.7 If you wish to apply for grant aid and require an application form, or if you need additional information on the Vessel Modernisation Scheme or other EFF grant schemes, please contact:-

The EFF Grants Team
Room 420
Pentland House
47 Robb's Loan
Edinburgh
EH14 1TY
(Tel: 0131 244-6329)
(email : EFF.ScottishGovernment@scotland.gsi.gov.uk)

4.8 Specific enquiries concerning promotion of fishery products should be directed to the Processing & Marketing Grants Team:-

Tel) 0131 244 4762
E-mail pmgenquiries@scotland.gsi.gov.uk or
food@scotland.gsi.gov.uk

5. SUCCESSFUL APPLICATIONS

Claims for Payment

5.1 If your application for aid is successful, claim forms will be issued when the award of grant is confirmed. Payment of grant can only be made after proven expenditure has been incurred and claimed. Grant may be claimed in a maximum of 3 instalments, the first of which should be after at least 35% of the eligible expenditure has been made. The final claim should be for not less than 20% of eligible expenditure.

5.2 You will be required to start and complete the project within the timescale entered in your application. The onus is on you to provide a realistic timetable. Work must be completed and all claims submitted to the Marine Directorate within 24 months of the date of award. This is necessary to meet European Community expenditure targets for the whole of the programme and ensure that EFF funds are not decommitted from the programme. Extensions will only be granted in exceptional circumstances and the grant award may be cancelled if a claim is not submitted within the prescribed period. Final awards will be made before 31 December 2013 and final claims by successful beneficiaries must be submitted to the Marine Directorate by 30 June 2015.

5.3 It is a requirement that all successful applicants must retain all original project-related documents until 31 December 2019. At any time up to that date EC auditors may require to inspect any or all original documentation, which includes, amongst other things, licences, consents, quotes, invoices, receipts, other evidences of expenditure and all accounting documents relating to both the application and any subsequent claims for payment of grant.

5.4 Once an application has been submitted you must notify the Marine Directorate immediately if you propose to modify your project and receive the Marine Directorate's written approval to the changes before work is begun on the modification.

Publicity

5.5 All applications will be treated as "Restricted - Commercial". However the European Commission and the Marine Directorate reserve the right to publish brief details of successful projects, including the applicant's name, a description of the project and the amount of grant awarded. The Conditions of Grant will require successful applicants to acknowledge the European role in any publicity concerning the project.

Monitoring and Evaluation

5.6 Marine surveyors may require to visit your vessel each time a claim for payment of grant is made, to inspect work/verify equipment etc. They will be entitled to make spot checks while work is underway or to check on the existing situation after an application is lodged and before any decision is taken. The Marine Directorate officials are obliged to make periodic visits to monitor the progress of grant-aided projects and make reports to the European Commission. You are also required, if requested, to permit access to the vessel and information about your project to authorised EC inspectors or auditors.

5.7 You will be required to submit a progress report on your business and the project on an annual basis for 3 years from the date of payment of the final instalment of aid.

Conditions of Award

5.8 Award of grant will be subject to conditions along the lines of those set out in Annex B. You will be asked to sign and return a 'Conditions of Grant' certificate. We may also impose special conditions pertaining to individual cases. Failure to meet any of these conditions may result in the withdrawal of the offer of grant and/or the recovery of any payments already made.

6. COMPLAINTS AND APPEALS

6.1 Should you have a complaint about any aspect of the administration of the scheme, or wish to appeal against the non-selection of your project for assistance or the amount of grant offered, you should write in the first instance to Gordon Hart at the following address.

Gordon Hart
EFF Complaints & Appeals
Room 420
Pentland House
47 Robb's Loan
Edinburgh
EH14 1TY

ANNEX A

EFF: FISHING VESSEL MODERNISATION & RE-ENGINEING SUPPORT SCHEME

SCORING/RANKING SHEET

Name of Applicant:

File:

a) Eligibility – for official use only

1.	Is the project eligible for scheme support?	YES/NO
2.	Does the project need funding support to proceed? (Additionality demonstrated)	YES/NO
3.	Meets policy priorities of relevant industry organisations	YES/NO
4.	Meets policy priorities of relevant community organisations	YES/NO
5.	Meets policy priorities of relevant environmental organisations	YES/NO
6.	Project/Business Plan demonstrates how benefits will be achieved	YES/NO
7.	Project Plan and timetable is realistic	YES/NO
8.	Risks to delivery have been assessed and will be addressed	YES/NO
9.	Match funds are available	YES/NO
10.	External dependencies are understood and committed	YES/NO

b) Contribution Towards Programme Objectives/Targets

Group	Criteria	Yes/No	Evidence in application (section)	Score
Economic Benefits	Create measurable economic benefits			
	Promote operational/energy efficiency			
	Increase competitiveness			
	Increase quality and value from existing markets/products			
	Create value from new markets or products			
	Develop or exploit new technology			
	Reduce waste and discards			
	Address market/product information deficiencies			
		Total		

Group	Criteria	Yes/No	Evidence in application (section)	Score
Social Benefits	Promote safer working practices			
	Create safer/better working conditions			
	Create or sustain employment			
	Support diversification into new activities			
	Promote long-term prosperity in fishing dependent communities			
	Improve skills and training opportunities			
	Promote access to employment and equal opportunities			
		Total		

Group	Criteria	Yes/No	Evidence in application (section)	Score
Environmental Benefits	Promote sustainability and quality of environments			
	Promote sustainability and quality of stocks/species			
	Reduce adverse impact on environment and habitats			
	Reduce adverse impact on resources			
	Support awareness and understanding of environmental issues and impacts			
	Improve access to environmental information			
		Total		

Group	Criteria	Yes/No	Evidence in application (section)	Score
Synergy/ complementarity	Clear alignment with EC, national, regional and local development plans/strategies			
	Additionality demonstrated			
	Support from relevant industry/sectoral organisations			
	Support from relevant community organisations			
	Support from relevant environmental organisations			
		Total		

Group	Criteria	Yes/No	Evidence in application (section)	Score
Management	Do the project sponsors have appropriate professional/management skills to ensure viable and sustainable operations			
	Adhere to industry/sector code of good/best practice			
		Total		

c) Project Ranking

10. Overall Project Score	
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11. Notes/Comments (including on any issues not adequately covered above):

ANNEX B

Sample Conditions of Grant

- ◆ The award is made on the basis of statements made by you or your representatives in the application form and subsequent correspondence. Use of the assets which are grant aided must not depart to any significant degree extent from those set out in this documentation. Any modifications to the project as described in the application must be notified to the Marine Directorate before any modifications are begun.
- ◆ You must meet legal obligations imposed under EC and domestic law to obtain any necessary consents, rights and wayleaves, give any necessary notices and meet any specific rules, regulations and/or standards which may be applicable to the project.
- ◆ Claims in respect of projects where work commenced before the notified start of work date are ineligible for grant. The only work which may be undertaken before that date is site purchase (not including the purchase of any buildings to be grant aided), planning permission, design and consultants costs, seeking quotations and ordering equipment.
- ◆ Before any payments are made, a claim must be submitted on the appropriate form. No claim in any other form will be considered. Claims must be accompanied by originals of all relevant documents, invoices, etc. These will be returned to claimants and **must be retained until 31 December 2019**. Any further information requested by the Marine Directorate must be supplied as required.
- ◆ Claims may be for the full amount of the award or for part of it and may be submitted in up to 3 instalments. The final claim must be for at least 20% of the award.
- ◆ The grant is time limited and will only be paid if claimed within the timetable set out at the time of the award.
- ◆ No final claims can be paid unless you as the applicant have full and unfettered rights of ownership to the items concerned. All Hire Purchase agreements etc must be paid in full.
- ◆ All appropriate UK and EC hygiene, environmental, human rights and equal opportunities regulations and directives must be complied with in full.
- ◆ When requested you must provide an update on progress of the project and/or a report on the project's performance after completion. Any equipment which is grant aided must remain in place, be kept in good repair, and used for its intended purpose for at least 6 years after the completion of the project. The corresponding period for buildings is 10 years.
- ◆ You must confirm that none of the items in the application are replacements under an insurance scheme.
- ◆ You must provide confirmation that no other EC grant has been secured. Repayable loans from the European Coal and Steel Community or the European Investment Bank may be permitted.
- ◆ Any publicity given to the project must make reference to the part played by the European Commission and the Marine Directorate in funding.
- ◆ Any aid for modernisation shall be required to be reimbursed, on a pro-rata basis, if the vessel leaves the fishing vessel register of the European Community within 5 years.

- ◆ For any aid for vessel re-enging the following measures will be used:
 - ◆ a marine surveyor will confirm reduction, or like for like power, of new engine(s);
 - ◆ the group will be notified to the Managing Authority;
 - ◆ for each vessel belonging to a group, the membership of the group will be registered in a note in the fishing vessel register;
 - ◆ vessels removed from the group and used to justify a grant will be permanently deleted from the fishing register in the same way as decommissioning. Any such vessel will be scrapped or a legal declaration made prohibiting its future use as a fishing vessel; and
 - ◆ decrease in engine power used to justify grant will be deducted from the reference level and the level for entry/exit of capacity. This will be notified in the annual report for the fishing fleet.