

TECHNICAL APPENDIX

Investment in Water Resource Management

This information relates to applications for funding under the Water Resource Management strand of the Farm Competitiveness theme. There are separate technical appendices available for each of the other Farm Competitiveness strands – Animal Health and Welfare and Nutrient Management.

1. Introduction:

The technical appendix is intended to help guide an applicant to provide the appropriate level of technical supporting documentation and evidence necessary in order to allow an application to be considered for decision. This information relates solely to an application for funding under the Farm Competitiveness – Water Resource Management strand of the Rural Economy Grant (REG).

2. What are we trying to achieve?

Our key objective is to support agricultural and horticultural businesses to improve their holding's water resource efficiency, in conjunction with a Water Management Plan. The focus for funding will be on large scale projects that will provide an exemplar of best practice in water management and will improve the sustainability, competitiveness and profitability of the business and deliver benefits to other businesses. We are encouraging applicants to develop new ways of working to improve water management capability through sustainable capture and then effective and efficient utilisation to manage a critical resource which is already under pressure.

3. Specific Support:

Grant support of **up to a maximum** of 40% of eligible costs may be applied for.

Applications should request the level of intervention that is required for the project to successfully go ahead. Please review the project costs and ensure that the amount of grant applied for is appropriate and necessary for your project to proceed. A lower intervention rate will demonstrate a greater return on grant investment and the applicant's commitment towards the project.

The minimum grant application is £25,000. A requested intervention rate of 40% will equate to a minimum eligible expenditure of £62,500.

4. Criteria:

Farmers and growers are eligible to apply. We are seeking applications from arable, livestock or horticultural holdings. To make a Full Application, applicants must have received an Outline Endorsement Letter inviting the submission of a Full Application.

Please be aware that the water must be used within the business and not for domestic purposes. Only costs and items associated with the business should be included within the application.

The list below provides examples of activity that will be considered for support; however it is not an exhaustive list. Your local Defra RDPE Delivery Team will have provided you with feedback on your specific project proposal which you must address when preparing your Full Application. Your Full Application should be a comprehensive and fully detailed proposal for the project that has been endorsed at the Outline Application stage.

- Construction of irrigation reservoirs for agricultural use which will be filled by peak-flow water (i.e. in most cases winter rainfall).
- Creation and improvement of irrigation networks.
- Implementation of new, demonstrably more efficient water application equipment. Applicants must explain the potential savings both in financial terms and in the amount of water used.
- Innovative or new technological advances in water management, such as equipment to calculate and apply water directly into the soil and prevent evaporation.
- Efficient rainwater harvesting, water recycling, water storage and water treatment equipment.
- Development and delivery of collaborative water abstraction, storage and distribution projects which will benefit multiple businesses.
- Establishment of Water Abstractor Groups. Where appropriate, the cost of a feasibility study would be considered, along with a contribution towards start up costs. All applicants must be able to demonstrate involvement from the Environment Agency.
- Pilot projects which will test new, innovative ways of capturing and using water while improve the sustainability, competitiveness and profitability of the businesses will be considered. Demonstration and information sharing will be a requirement of any pilot project.

Eligible costs will include:

- Capital costs of construction and / or equipment
- Architects, engineers or consultants fees where they are an integral part of the project. Applications must explain how these costs are integral to the project and quotes must be sufficiently itemised and detailed so that eligibility can be assessed. Costs associated with preparing the REG application or managing the RDPE grant are not eligible.
- Costs of enabling businesses to collaborate, such as legal fees.

For all projects, applicants are required to include appropriate evidence to support the application. Specific requirements which are essential to all projects are:

- a fully completed Full Application form and Appendices
- a current business plan
- three independent, comparable and competitive quotes for all items on which funding is requested. All quotes must be details and clearly related to the applicant business and the project.
- **full** applicant business accounts for the previous three years. Please provide complete accounts for the most recent year, plus the two consecutive previous years.
- all necessary permissions and consents
- documentation to confirm that private match funding is in place and to demonstrate the amount of funding that is being made available.

- financial forecasts for the business for the financial year of the period of the project and for three subsequent years following the project's completion.

For water resource management projects, a list of additional criteria is below. Applicants must ensure these are fully addressed in the application, either directly, or with supporting documentation. Depending on the nature of the application and the applicant business, some may be less relevant. However, please note that failure to provide all relevant and necessary information will lead to delays in the appraisal of your application and if unresolved may lead to rejection of the application.

5. Additional Criteria:

Project rationale

- All projects are expected to be part of a whole farm approach which considers sustainable water use across the holding and plans how water will be used more efficiently into the future. Your application must demonstrate that the project is part of a Farm Water Management Plan which fully considers water use of the whole farm and that the need for this project is highlighted within it. A copy of the Farm Water Management Plan must be provided with the application. Guidance is available in the Environment Agency publication *Waterwise on the Farm*. <http://publications.environment-agency.gov.uk/PDF/GEHo0307BLVH-E-E.pdf>
- You must have discussed your proposal with the Environment Agency and provide documentation to demonstrate their support for the project.
- Applications must be substantiated with measurable supporting information, evidence and figures to demonstrate how the proposed water resource management project will
 - improve business profitability and competitiveness
 - significantly reduce the volume of mains water used and/or increased efficiency in water abstracted (e.g. reduce or eliminate summer abstraction)
 - increase the volume of water that is harvested and recycled for use within the business
 - use water more efficiently and effectively on the holding, with reduced waste demonstrated.
 - allow the business to develop. For example, it may allow the introduction of new crops or changes to rotations, or assist with improving the quality of the crop produced. The application must provide specific information to show how the project will enable the business development and consequently how this will translate into increased profit / improved competitiveness.

Consents and permissions

- Provide confirmation of support for the project, including official documentation, licences and/or consents, to evidence that the project meets all Environment Agency requirements and legislation which are relevant at the current time. If permissions, licences and/or consents are not required for the project, a signed letter / email (including contact details) from the Environment Agency must be provided.

- Provide confirmation that all necessary consents and licences required to deliver the project that are relevant at the current time, including full planning permission, have been obtained. The planning permission approval document and confirmation documents of other permissions must be provided as part of the grant application. Where planning permission is not required for the project, a signed letter / email (including contact details) from the Local Authority must be provided. The applicant will be responsible for maintaining the necessary consents, permissions and licences during the life of the project.
- If the project is situated on rented / tenanted land, you must provide confirmation that you have at least six years (from the start date of your project) of your tenancy remaining and provide evidence of the landlords consent for the project.
- The project must contribute to the capture and re-use of water in order to reduce the business demand on mains or abstracted water. Projects are not eligible where the project will simply divert the water to a water course.
- In obtaining quotes for the work, you are advised to make your contractor aware of the possible need for compliance with the Water Supply (Water Fittings) regulations 1999, and the code of Practice in respect of Rainwater harvesting systems as described in BS 8515:2009.

Benefit

- Demonstrate the clear and measurable benefits to other businesses
- Where the project is a collaboration between two or more businesses, you will need to explain the nature of the collaboration, the agreements set up between the businesses, the financial nature of the collaboration (if none, please explain whether this has been considered) and how the benefits of any collaboration will be delivered monitored and evidenced.
- Incorporate demonstration events or visits to promote best practice, share information and showcase new technologies being used. The application must set out a schedule for the events and the target audience numbers. While final details about any events may not be available, the application must demonstrate that a level of planning has been done.
- Increase employment opportunities
- Demonstrate a clear need for public investment for the project

Delivery and monitoring

- Explain in detail, using maps and annotated diagrams, where the project and equipment will be situated and where the areas of benefit will be. Provide two copies of the plans for the development.

Water harvesting / recycling projects:

- Provide evidence of the annual amount of water currently used by the business, in volume and cost, and project how much water will be saved and / or recycled as a result of the project over the next 5 years. Applications will need to provide measurements in cubic metres so this can be assessed and monitored. Where mains water is being replaced, copies of the previous three years of water bills for the business will be required in support of the application.

- Explain how water is currently used on the holding and how the captured / recycled water will be used in the future.

Dairy

- If the project is part of a whole farm plan to improve the competitiveness of a dairy farm and you are considering including rainwater harvesting, you are advised to contact your milk buyer for guidance before proceeding. Some contracts do not permit the use of harvested rainwater / grey water within the dairy complex.

6. Outputs:

Direct, measurable outputs that should be considered as part of an application are:

- Number of FTE jobs created (see the Applicant Handbook for definitions)
- Number of FTE jobs safeguarded – information must be provided to confirm that the proposed safeguarded jobs are at risk (see the Applicant Handbook for definitions)
- Increased area of land irrigated
- Improvement in the quality and yield of crops grown
- Increased variety of crops grown and harvested
- Increased volume of water harvested, stored and used on the holding
- Reduced reliance on mains water / abstracted water
- Improved business competitiveness and profitability
- New opportunities for collaborative working exploited and evidenced
- Sharing of information and best practice and inclusion of demonstration events and visits.

The outputs listed should be considered as a minimum. Please include any additional output targets that are relevant to your project. All outputs must include a date for when they will be achieved, a current baseline figure and a target to be achieved as a result of the project. The application should also include an explanation of how the target figures have been calculated.

7. Ineligible costs

- Costs associated with obtaining required consents and licences
- Standard agricultural or horticultural equipment, machinery, infrastructure or production facilities
- Simple maintenance, repair or replacement investments
- Purchase of agricultural production rights, animals, plants and planting
- VAT, except non-recoverable VAT when borne by the beneficiaries other than non taxable persons
- Interest on debt or bank charges
- Own labour

- Costs connected with leasing or hiring, interest refinancing costs, overheads and insurance charges.
- Costs already incurred in advance of a grant offer being made.
- Costs associated with the preparation of the REG application and management of the REG project.
- Ongoing costs such as annual software subscriptions
- Investments to comply with current legal/regulatory standards such as Nitrate Vulnerable Zone (NVZ) regulations.
- Bore holes

Please note that this is not an exhaustive list. If you have any queries about eligibility, please discuss these with your local Defra RDPE Delivery Team.

8. Further information

When planning your project you may wish to refer to the following publications and websites:

- Environment Agency – Thinking about an Irrigation Reservoir
http://www.ukia.org/eabooklets/EA%20Reservoir%20booklet_final.pdf
- Environment Agency – Waterwise on the Farm
<http://publications.environment-agency.gov.uk/PDF/GEHO0307BLVH-E-E.pdf>
- Environment Agency – Climate Change impacts on Water for Horticulture
http://www.ukia.org/eabooklets/EA_Climate%20Change%20Impacts%20Horticulture_Final.pdf
- Environment Agency – Rainwater Harvesting: an on-farm guide
<http://publications.environment-agency.gov.uk/PDF/GEMI1109BRGU-E-E.pdf>
- Linking Environment and Farming (LEAF) – Water Management Tool
www.leafuk.org/leaf/farmers/watermanagementtool.eb
- Dairy Co – Dairy Roadmap
www.dairyco.net/library/research-development/environment/dairy-roadmap.aspx
- English Beef and Lamb Executive (EBLEX) – English Beef and Sheep Product Roadmap
www.eblex.org.uk/documents/content/news/p_cp_testingthewater061210.pdf
- British Pig Executive – Project Roadmap for the English Pig Executive
www.bpex.org.uk/environment-hub/climate-change/PigIndustryRoadmap.aspx
- UK Irrigation Association
<http://www.ukia.org/>