



Rural Payments
Agency

Farming Transformation Fund Water Management grant manual

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The Farming Transformation Fund provides grants for eligible beneficiaries to invest in their businesses to improve productivity, profitability and enhance environmental sustainability

This manual is about the Farming Transformation Fund Water Management grant. It explains what the grant is for, who is eligible and how to apply.

About the Farming Investment Fund and Farming Transformation Fund

What the Farming Investment Fund is and what the Farming Transformation Fund grants are for.

The Farming Investment Fund (FIF) is part of the prosperity and productivity funding in England's Agricultural Transition Plan. It is a new initiative to support the industry to increase productivity in an environmentally sustainable way. It is based on the Countryside Productivity Grant scheme.

The Farming Investment Fund is divided into two schemes.

- Farming Equipment & Technology Fund (FETF) provides smaller grants to improve business performance.
- Farming Transformation Fund (FTF) will support larger investments.

The Farming Transformation Fund provides grants for eligible beneficiaries to invest in their businesses to improve productivity, profitability and enhance environmental sustainability.

This manual is about the Farming Transformation Fund Water Management grant. It explains what the grant is for, who is eligible and how to apply.

How the government manages these grants

The Rural Payments Agency (RPA) delivers the grants. RPA's role is to assess applications for grants and make offers for grant funding on behalf of the Department for the Environment, Food & Rural Affairs (Defra).

RPA may at any time and without further notice change the date these grants close to applications.

About the Water Management grant

Details of what the grant is to be used for.

What are the grants for?

These grants are for capital items to improve farm productivity through more efficient use of water for irrigation, and to secure water supplies for crop irrigation by the construction of on-farm reservoirs and the adoption of best practice irrigation application equipment. You can find a full list of capital items that are eligible for this scheme in the Eligible costs section.

What the grants are not for

The grants cannot be used to store or distribute mains water or dirty water, or if their primary purpose is to control flooding. You can find a list of costs which are not eligible for this scheme in the Costs which are not eligible.

Priorities for funding

Your project will be scored against the Water Management grant scheme priorities, which are to improve:

- productivity
- water sustainability
- the environment

What we are looking for

We are looking for projects that improve farm productivity through more efficient use of water for irrigation and secure water supplies for crop irrigation.

For example:

- introduce more efficient water application (for example, change from rain gun application to trickle or boom application)
- secure water supply for crop irrigation that enables water use in a more sustainable way (for example, constructing a reservoir and moving away from summer abstraction to rainwater harvesting or peak flow/winter abstraction)
- help business resilience and prosperity (for example, using new irrigation systems and newly irrigated areas to increase yield/productivity or introduce high value crops)
- encourage collaboration for example supplying water to neighbouring farmers

How the Farming Transformation Fund grants work

An overview of the Water Resource Management grant – who can apply, what the grants will fund and how much funding is available.

Who can apply

Only arable and horticultural businesses growing, or intending to grow, irrigated food crops, ornamentals or forestry nurseries in England can apply for the water management grants.

The land on which these activities take place must be owned by you, or you must have a tenancy agreement in place until 5 years after the project has been completed.

Who cannot apply

The following are not eligible for the grants.

- Public organisations, including Crown bodies and non-departmental public bodies (NDPBs)
- Local authorities
- Members of Producer Organisations under the Fresh Fruit and Vegetables Aid Scheme if they have funding for the same project through their operational programme

How much money you can apply for

For each project, the minimum grant you can apply for is £35,000. The maximum grant is £500,000 per theme per applicant business. Grants can cover up to 40% of the eligible costs of a project. The minimum total eligible cost of a project would therefore be £87,500.

At least 60% of the project costs must be paid for with money from private sources like savings or a bank loan.

You must be able to pay the remaining project costs. You can use loans, overdrafts and certain other grants, such as the Basic Payment Scheme or agri-environment schemes such as the Countryside Stewardship scheme.

You cannot use other public money (for example grant funding from local authorities) towards the project costs. You cannot use this grant to carry out capital works which are required under other agreements.

Paying for the project

Grants are paid in arrears. They can only be claimed after the work being claimed for is finished and has been paid for. We expect you to make a maximum of 3 claims over the course of the project.

Hire-purchase or leased items must be paid off before you claim.

If you buy an item for the project using lease purchase or hire purchase, you must own this outright before you can claim any grant money towards it.

This means that, before you claim the grant, you must:

- pay all of the instalments
- show that the title has passed to you

Otherwise, you will not be able to include these costs in your claim.

Do not start work, incur costs (including paying deposits), enter into any legal contracts, or place an order before the project start date in your Grant Funding Agreement. Any expenditure incurred before that date is at your own risk and may make your whole project ineligible.

Eligible costs

The grant can be used to pay for the following.

Reservoir construction and infrastructure

- Construction of dam walls
- Overflow/spillway
- Synthetic liner
- Abstraction point including pump
- Engineer fees for the project that will be incurred after a Grant Funding Agreement is signed (construction engineers only) – as long as these do not add up to more than 15% of the project's total eligible costs
- Fencing for synthetically lined reservoir
- Filtration equipment - including sand or screen filters and UV treatment
- Irrigation pump(s) and controls
- Pipework to fill the reservoir
- Pumphouse
- Underground water distribution main and hydrants
- Electricity installation for pumphouse
- Water meter
- Water storage tanks (for storing water for irrigation of crops)

Irrigation equipment

- Boom
- Trickle
- Ebb and flow
- Capillary bed
- Sprinklers
- Mist

Technology

- Software to monitor soil moisture levels and schedule irrigation
- Software and sensors to optimise water application

Costs which are not eligible

The following are not eligible for grant funding (this list is not exhaustive).

Agricultural business costs:

- borehole installation
- the cost of moveable fittings – like metal over-ground irrigation pipes
- hose reels
- generators
- rain guns and rain gun mounts
- downpipes and gutters
- diesel powered equipment and machinery
- buildings used for growing and harvesting agricultural and horticultural products
- standard agricultural equipment and inputs like animals and crops
- the cost of agricultural production rights and payment entitlements
- items that do not have a lifespan of 5 years or more
- reservoirs or other water storage facilities that will be used for growing rather than irrigating food crops, ornamentals and forestry nurseries for example, hydroponic reservoirs, ebb and flood benches or troughs
- reservoirs or other water storage facilities that will be used for purposes other than for storing water for irrigating food crops, ornamentals and forestry nurseries, for example storage of water for washing, cleaning, feeding livestock, sport, leisure etc
- equipment to store or distribute mains water or dirty water, or if their primary purpose is to control flooding

General costs:

- projects that are carried out only to meet a legal requirement
- any costs incurred before the project start date shown in the grant funding agreement
- RPA will not fund projects where water is supplied by summer water surface abstraction or mains
- contingency costs
- the cost of getting any permissions, consents or statutory requirements, such as planning permission
- legal costs
- supervising engineers and inspecting engineers' fees
- any items which you have already had EU or national funding for (or intend to get national funding for)
- relocation costs – if the business needs to relocate in order to expand, it can only apply for funding for the cost of expansion
- costs associated with the provision of housing
- marketing and promotion

Buildings, land and equipment costs:

- repairs and maintenance of existing buildings, equipment and machinery
- like-for-like replacement of existing items (such as buildings, equipment and machinery)
- purchase of machinery or equipment that will not be on the asset register of the business 5 years after completion of the project
- purchase of land, whether or not this land is built on
- renewable heat and energy systems

Business running costs:

- salaries and running costs of the business
- in-kind contributions (this means the value of donated work or services) such as the cost of using your own labour, vehicle and office space

- recurring licence fees, subscriptions and service charges
- computers, software and printers used in the general running of the business, like processing orders or accounts
- mobile phones

Financial costs:

- bad debts
- advance payments
- insurance policy costs
- working capital
- financial charges, such as bank charges, fines and interest
- costs connected with a leasing contract, such as a lessor's margin, interest refinancing costs, overheads and insurance charges
- reclaimable VAT
- pension provision

How to apply

What you need to do to apply for a water management grant.

You won't automatically get a grant. When you apply for a grant, you are competing with other applicants.

You first need to complete and submit an online application for the scheme through the online checker. You can use the online checker to see if you are eligible to apply and how well your project fits the funding priorities. If you then wish to proceed you can submit your interest through the checker.

The online checker will open for applications on 16 November 2021 and close on 12 January 2022.

Projects with the best fit with the priorities will then be invited to submit a full application.

All full applications will be assessed to see how well they fit the priorities for funding and which projects provide best value for taxpayers' money. The highest-scoring applications will be successful.

The deadline for full applications is 30 June 2022.

Do not start work, incur costs (including paying deposits), enter into any legal contracts, or place an order before the project start date in your Grant Funding Agreement. Any expenditure incurred before that date is at your own risk and may make your whole project ineligible.

The application is a two-stage process.

Stage 1: Online Checker

You must first use the online checker to check if you can apply for a Farming Transformation Fund Water Management grant and to check how well your project fits the funding priorities. (This will take about 10 minutes if you have all the project details.)

You will need to answer questions about your business so that we can check you are eligible to apply, including:

- the project location
- what crops you will be growing as a result of the project
- whether the planned project is on land the farm business owns, or if there is a tenancy agreement
- details of any required planning permission and/or abstraction licence

We will also ask you for the following:

- what grant funded items your project will need
- the estimated cost of the items

We will tell you if your project is not eligible and you cannot continue to complete an online application. If your project is eligible, you will be asked further questions to determine how well your project meets the scheme priorities. We will ask you questions about your project, including:

- what impact will the project have?

- what main crops will be irrigated?
- will the area of irrigated land change?
- will your water source change?
- will your irrigation system change?
- how will the project improve productivity?
- will water be supplied to other farms?
- if your project directly impacts a SSSI?

If you wish to proceed, you can submit your project details and register your interest. At this stage, you will be asked for your contact and business details. You should only submit one online application for your project.

You will get an email with your score and answers, and a reference number.

We will review the information you have provided using the online checker. When the full application window opens, if your project scores well enough against the funding priorities, we will invite you to submit a full application. We will send you a full application form and guidance about how to fill it in.

Only projects that have submitted an online application through the online checker and have been given a reference number will be able to submit a full application.

If your project does not score highly enough, we will inform you shortly after the checker closes and you will not be able to submit a full application.

Do not start work, incur costs (including paying deposits), enter into any legal contracts, or place an order before the project start date in your Grant Funding Agreement. Any expenditure incurred before that date is at your own risk and may make your whole project ineligible.

At any time throughout the process, if you do not want to proceed and wish to withdraw your application, please let us know so that we can update our records.

Stage 2: Full application

If your online application scores highly enough, we will invite you to submit a full application. You will need to complete a full application form and send this with your supporting documents to us by email. Successful projects will be provided with details as how to do this via email from the RPA.

If your application is successful, we will send you a Grant Funding Agreement and you can begin work on your project.

Value for money

We will score how well the project costs represent value for money. This includes the amount of grant required to deliver the outcomes and outputs.

Your project will also be assessed to make sure that it is viable.

Financial viability

We will assess:

- the current financial viability of your business
- how the project may impact on your existing business operations

- how you will fund the project until the grant is claimed
- how the business will benefit from the project financially

Delivery and sustainability

We will assess:

- how the project will be delivered within budget and on time.
- that risks to project delivery have been identified and how they will be mitigated

What is required to complete a full application

What information you will need to tell us to help your application.

Separate guidance is available to help you complete a full application form.

If you are invited to submit a full application, we will send you the form and guidance about how to fill it in.

You will need to provide more details about your project in your full application. You must use the same project you used in in your online application in your full application.

We know that some minor project details may change since the online application was completed, for example, changes to project costs as they are finalised. However, the main details of the project should not be significantly different to the project details entered in the online application.

Please contact the FTF team if you wish to discuss any potential changes to your project in advance of submitting your full application.

How we assess full applications

We will carry out a more detailed assessment of your project.

We will re-check your project's eligibility under the scheme and score how well it meets the scheme priorities and provides value for money.

The full application form

The full application form is in 2 parts. You should provide full details about you, your business and your project, including:

- a breakdown of project costs
- supplier details
- key dates and project milestones
- proposed project outputs
- explanation of how the project will be funded
- you will be asked to show how it will make your business more efficient and improve its productivity
- details of your current and proposed water usage and water sources
- details of previous similar grants
- details of your land usage, what crops you are growing and how these are currently irrigated and how this might change as a result of your project
- your planning consent for the project or submit evidence from the Local Planning Authority that you have applied for planning permission which must include:
- a copy of the relevant planning application documents including plans of the proposed development that have been submitted to the Local Planning Authority (LPA)
- written confirmation from the LPA that the submission has been received and is complete. This document must include the planning reference number allocated to your allocation
- an indication from the LPA of the expected timescale for a decision

The construction of a reservoir or enlargement to a reservoir, construction of a pump house or installation of an underground main that crosses a public highway(s) will require planning

permission. Grant funding cannot be offered to any project which does not have the relevant planning permission.

Construction of smaller reservoirs may be possible through prior notification, but larger reservoirs will need to apply for planning permission through the full application process to the LPA.

Obtaining planning permission can take time and you may not have received a decision before the application deadline for submitting a full application. It will therefore be possible for you to submit a full application without planning permission having been granted providing a planning application has been made to the LPA and the information above is provided. However, it will not be possible to offer grant funding until planning permission has been granted.

Where planning consent for your project has not been obtained before submitting your application, you must submit a copy of the planning permission to RPA by 31 December 2022. If the LPA is unable to decide your planning application before this date, your grant application will be considered ineligible and withdrawn from the scheme.

If you do not have planning permission for your project, you are advised to consult with your LPA before preparing a full application.

You must submit the relevant abstraction licence(s), or evidence from the Environment Agency (EA) that you have made a formal application for the relevant abstraction licence(s), and it has been received by them.

You will need to send us supporting information or documents appropriate to the project including:

- financial accounts for the most recent 3 years of trading
- latest tax returns, management accounts or a statement of income and expenses from an accountant (if you are a new business or self-employed)
- financial and production projections
- relevant permissions and consents including planning consent and abstraction licence(s)
- 3 quotes, references to catalogue listings or formal tenders for each item with a value of £5,000 or more. One quote for any items with a value up to £4,999.99
- evidence of project funding
- if you purchase any second hand items, we need confirmation from the supplier that it has 5 year's life and has and not received previous grant funding
- details and draft agreement between parties where a joint venture is proposed
- evidence (letter from Chartered accountant or HMRC) that you are able to include irrecoverable VAT in your project costs, where applicable
- letter(s) of support from any third parties where water is to be supplied to other growers
- a plan of your irrigation system
- reservoir plans included as part of your planning permission

If you are offered a grant

What to do if you're offered a grant

We aim to give you a decision on your application within 60 working days.

If you are offered a grant, we will send you a grant funding agreement for you to sign and return to us. This will set out the legal terms and conditions of the grant, including:

- the amount of the grant
- the outputs we have agreed for your project

If you need to change anything in the grant funding agreement over the course of the project, you must get written agreement from RPA first. If you don't, we could end your agreement and reclaim any grant we have already paid.

You'll get more information and help with this if you are offered a grant.

If your application is unsuccessful

We will write to you to tell you why. If you're unhappy with the decision, please refer to our [Complaints procedure](#) on GOV.UK.

Northern Ireland

Any monies from the Farming Transformation Fund grant scheme must not be used to cross-subsidise any related, linked, parent, subsidiary, partnership, joint venture businesses or operations based in Northern Ireland. Funds from this grant will solely be used for the purposes of England business operations only.

Contact Details

If you are not sure if you are eligible to apply, or if you are not able to access the online checker, please contact us: email FTF@rpa.gov.uk or call 0300 0200 301 and follow the options for the Farming Transformation Fund scheme.