



**Catchment Partnership Action Fund  
(CPAF) for England**

**CPAF 3 - Project Application Guidance  
February 2015**

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# 1. Introduction

A new approach is being taken to support catchment partnerships and distribute funds in the 2015/16 financial year. Every catchment partnership will be given the opportunity to submit an application to deliver projects in line with Catchment Partnership Action Fund (CPAF) guidelines and take a proportion of these funds if necessary for money to support hosting.

The principles of the approach have been shared with the National Support Group and feedback has been sought from its members

## Funding

£4.775 million has been awarded by Defra. This equates to £46k per management catchment to support hosting and project delivery. This guide explains the way in which this funding can be used within your catchment (see section 4).

### *Primary funding aim*

Funds provided will enable partnerships to deliver a 'sustainable quick win' i.e. a project that will be delivered in the 2015/16 financial year with demonstrable outputs. This will help to demonstrate the value of the partnership to potential funders, and assist with the aim of the Defra policy framework of partnerships becoming self sustaining. Consequently, any publicity associated with the project should advise that the project is being or has been delivered by or on behalf of the partnership, and not by any individual partner.

The funding can be used to deliver projects that improve or prevent deterioration<sup>†</sup> in any water bodies or Protected Areas in England as defined under the Water Framework Directive. Further clarification around which projects are eligible is provided in this guide. £2 million has been ringfenced by Defra to be spent on urban projects, therefore catchments that are urban in nature are encouraged to submit projects of this type.

### *Status of this guide*

This guide outlines how the Environment Agency intends to administer the fund. Successful applicants will be offered grant on the basis of a contract which will include grant conditions requiring applicants to follow the financial and grant administering elements of this guide.

Its validity, and our powers to award grant, are dependent on the appropriate legal powers and agreements to administer the fund being put in place and approved.

<sup>†</sup> Prevent deterioration where deterioration has been measured in a water body

## 2. Eligibility – applicants and projects

### *Who can apply?*

In improving water quality, Defra has made it clear that it wants its delivery bodies to work with and engage more partners from civil society, to ensure that more is delivered through others and that we encourage more people to be connected to the natural environment.

This fund is being made available to Catchment Partnerships set up under the Catchment Based Approach.

Any partner within the Catchment Partnership can apply, not just the Host. Bids will need to be agreed by the Catchment Partnership. Detailed guidance on what constitutes agreement by the partnership will not be provided, a common sense approach agreed by the partnership will apply e.g. agreement by all key stakeholders, or majority agreement across steering group where all key stakeholders are represented etc. The application form provided will require the applicant to confirm that they have the consent of the partnership.

Partnerships that wish to submit a joint bid to deliver a project across whole and/or sub catchments will be able to do so up to river basin district scale. For example, two sub catchment partnerships could submit one combined project application, or four whole catchments could submit one combined application.

The Environment Agency is to be given powers to provide grants from the CPAF under the Charities Act 2006. Applications can therefore only be made by charitable, benevolent or philanthropic institutions, as defined in that Act, in line with the aims of the CPAF.

To be eligible to be considered for a grant, an applicant must be:

1. A charitable, benevolent or philanthropic institution, **and**
2. The institution's activities in respect of the project must directly or indirectly benefit the whole or any part of England.

A charitable, benevolent or philanthropic institution means:

1. A charity, **or**
2. An institution **other than a charity** which is established for **charitable, benevolent or philanthropic purposes**.

These expressions are found in the Charities Act 2006. A 'charity' is defined by the Charities Act as 'an institution which is established for charitable purposes only' and falls within the jurisdiction of the High Court for charities. Part 2 Chapter 3 Section 9 of the Charities Act sets out requirements for registration of charities and categories of charities that are not subject to the registration regime. 'Charitable purposes' are listed in Part 1 Section 2 of the Charities Act. There is also a requirement that the charitable purpose should be for the public benefit. One of the purposes listed is 'the advancement of environmental protection or improvement'.

although many other purposes are listed which may be relevant to an applicant. Consequently it is recommended that the full list of purposes is considered.

The definition of 'institution' as set out in the Charities Act is: 'an institution whether incorporated or not and includes a trust or undertaking'. An applicant must, therefore, be a legal entity, although it may not necessarily be a charity. As stated above, the institution should be established for charitable, benevolent or philanthropic purposes. Additionally, applicants must ensure that they comply with State Aid rules which is specified on the application form CPAF1.

Some organisations are not registered charities, but have benevolent or philanthropic aims. Community Interest Communities could be one such case. They would have to demonstrate through their legal constitution that they were organized for philanthropic or benevolent purposes and that they were compliant with State Aid rules.

Public sector organisations (including Local Authorities) and organisations that do not meet the requirements of being established for philanthropic or benevolent purposes are not eligible to apply directly for funding themselves, but can work with eligible organisations to help deliver or co-fund the projects.

The organisation applying for the grant may have partners which are not eligible to apply directly or may sub-contract provision of services to such organisations, but only a charity or an institution as described above can apply for and receive CPAF grant, and only for those elements of funding that are eligible (see below).

Project applications must be in the name of a legal entity and supporting information to confirm the status and financial standing of the organisation will be required.

### ***Which projects are eligible?***

At their heart, eligible projects must have a clear objective to improve a quality element that is failing to reach good status or potential in a water body, or enable a Protected Area to meet its objectives as defined under the Water Framework Directive.

The funding can be used to deliver projects that improve or prevent deterioration<sup>†</sup> in any water bodies or Protected Areas in England as defined under the Water Framework Directive. This includes rivers, lakes, ground waters, estuaries, coasts, Protected Areas, heavily modified and artificial water bodies. Projects that benefit waters across the borders of Scotland and Wales can be considered but funding will only be eligible for those parts of the project that benefit English waters, so the project should make this clear.

<sup>†</sup> Prevent deterioration where deterioration has been measured in a water body

Suitable projects will fall within the following categories:

- prevent deterioration<sup>†</sup>, or contribute to the achievement of protected area objectives
- reduce the impact of man-made structures on wildlife in watercourses
- reduce the impact of diffuse pollution that arises from rural land use
- reduce the impact of diffuse pollution that arises from urban land use

Project bids can be made that build on existing projects and action but they should make clear how the elements that are being proposed go beyond that which has already been committed. The CPAF should not be used as a replacement source of funding.

Funding will not be provided to projects that arise through a duty to undertake specific works and can't be used to ensure adherence to a legal obligation e.g. as part of obligations under Section 106 of the Town and Country Planning Act 1990. However, we would consider funding projects that form part of a legal obligation/duty to the extent that they go beyond the basic requirements. The latter is something we specifically wish to consider in regards to landowners who could adapt existing developments or changes to enable better protection of water or a more naturally functioning catchment.

Other projects which are ineligible include:

- Agricultural projects eligible for funding through an existing alternative financing mechanism such as countryside stewardship. Where there are gaps and opportunities, however, funding may be considered for such projects (linking together projects, or in areas outside of catchment priority areas or protected areas).
- Local scale Invasive Non-Native Species Projects are unlikely to be sustainable and provide good value for money. If a project is considering initiatives to deal with Invasive Non-Native Species as the primary focus please speak to CPAF Administration.
- Projects that require detailed and lengthy design and feasibility stages will not be considered at this stage. An element of feasibility (e.g. for complex urban projects) is allowed.
- Projects designed primarily to gather more information or evidence on the nature of problems. However, eligible projects are required to include plans and costs to enable evaluation of the success of the project in delivering its objectives.

<sup>†</sup> Prevent deterioration where deterioration has been measured in a water body

## ***Guidance for Urban Projects***

Major pollution sources are addressed by various funding streams e.g. Water Company Price Review Programme or New Environmental Land and Management Grants (NELMS), or they have owners responsible to clean up the pollution, this is not usually the case in the urban environment.

The urban area is where most of us live and work and the majority of our urban rivers suffer from some form of degradation. Activity in this area can provide great value for money.

We would like to see bids that tackle water quality issues in the urban environment. This is not solely pollution, but addressing hydromorphology too. We know that if we are to achieve the best cost benefit we need to look for multiple benefits. All issues can be considered: diffuse pollution and physical modification with additional benefits from increasing biodiversity, water availability and flood resilience.

Is anything to be specifically included or excluded: No, but bids that have no element of diffuse pollution won't be favoured.

### **3. Eligibility – costs**

#### ***Which costs are eligible?***

The project costs, staff and other resources required must be assessed carefully when preparing the application as there are limited opportunities for making amendments once the bid has been submitted and approved. Sufficient resources must be allocated to ensure the project is being managed properly, keeping complete financial records and supporting documents.

Where the applicant incurs additional direct costs in order to deliver the project then generally the costs will be eligible. For example, this would include the cost of the hire or rent of any site offices or compounds necessary to deliver the project.

Compensation costs e.g. for the exercise of rights over someone else's land will be considered for grant (either when a project is confirmed to have started or when the final statement of account is approved) provided they are essential to providing the benefit for which the project is being undertaken.

Costs unrelated to the project will not receive grant unless the project could not proceed without incurring them, or where they were for reasonable environmental improvements. Examples might be:

- reasonable extra costs for environmental enhancements and biodiversity gains
- reasonable costs to make a solution less environmentally intrusive or to sustain existing amenities
- where the project reveals finds of such archaeological importance that approved works cannot continue without first securing the finds, additional costs may be considered for grant, but only at the minimum level to allow the works to continue.

The Environment Agency is prepared to consider for grant the salaries, national insurance and superannuation of an applicant's work force who are solely engaged on the delivery of approved projects provided that these costs have not been included in any other public funding application. Records in respect of staff engaged on a project, salaries paid and associated costs should be kept and made available for audit inspection.

Funding will not be provided to those who have a duty to undertake specific work and cannot be used to ensure compliance with a legal obligation. projects that duplicate work undertaken by other funding will not be funded. It is not possible to use CPAF to match-fund work being carried out under existing Defra WFD funding.



Any other match-funding which applicants might be entitled to receive from other funding bodies for the project must be disclosed.

For works of a specialist nature, grant may also be considered for the costs of staff specially engaged by an applicant for a specific activity, and solely employed on its preparation and supervision.

The Environment Agency is prepared to consider for a grant, consultants' fees or charges incurred by other bodies for the design preparation and supervision of project, but only where the study or work is of a specialist nature beyond the expected competence or capacity of the applicant. In those cases where an applicant can show that they have no alternative, but agree to another body carrying out or supervising certain work, that body's charges will be considered for grant, e.g. Network Rail or other statutory/utility service providers in the commissioning of specialists, such as Reservoir Panel Engineers.

Any subcontracting work should not be in respect of the main activities of the project and should not be no more than 70% by value of the grant awarded. If it is proposed to subcontract more than 70%, then this should be made clear in the application and may form the basis for rejecting a bid if the reasons for this level of third party spending are not made clear.

Expenditure on legal advice is only eligible when specialist knowledge or expertise is required and not generally expected to be within the competence of an applicant, e.g. when counsel is engaged to advise on arbitration.

Where appropriate, public liability insurance costs and audit fees relating to the project will be eligible for grant.

All VAT whether incurred in the UK or in other countries must be excluded from budgets and claims if the VAT is recoverable by the beneficiaries. If the applicant cannot recover its VAT it can include the VAT element as a line item into the budget. However, VAT must be stated separately from the other costs.

## ***Handling specific classes of eligible expenditure***

### **Administration, overheads and on-costs**

Administration costs and day to day running expenses, which an applicant must necessarily incur to discharge its functions will not be admitted for grant. These include accommodation and related costs, insurance charges, legal and other professional costs. If however additional costs are incurred, say for the rent or hire of site offices and compounds in respect of the project they may be allowable. If expenditure in respect of items such as paid holidays, sick pay, national insurance contributions, public liability insurance, consumables, cannot be conveniently apportioned to the project, consideration will be given to recovery being made as an on-cost on salaries.

Costs should also be identifiable and verifiable through the applicant's accounting system. Internal invoices or recharges are not eligible direct costs and cannot be

used for the calculation of overhead costs. General apportionment of costs as overheads is also not acceptable as eligible costs. Only actual overheads relating to the project are eligible costs. Actual overheads can be calculated by different allocation methodologies provided it is in line with the general accounting policy and allocation method used by a similar organisation. A reasonable apportionment basis such as a percentage of direct staff costs or a fixed hourly rate of time charged should be used.

Overhead items which may be included in the calculation are

- rent of building and plant
- utilities such as gas, water and electricity
- maintenance, insurance and office equipment or supplies
- communication and postage costs

Overhead items which cannot be included in the calculation are financial management, human resources, training or legal advice unless they can be directly attributed to the project e.g. recruitment costs of a project manager to handle the project. In this case, the incurred costs or staff cost should be charged to the project directly, therefore they should not be included in the overheads. It should not be assumed that the applicant will only exist for the duration of the project. Any costs incurred that relate to the ongoing role of the applicant are not eligible.

Overheads, administration and on-costs specific to the project should be no more than 20% of direct costs, excluding subcontract or external costs. The overhead calculation method or percentage (e.g. a percentage of manpower costs) used should be specified on the application form. Costs to support hosting will need to be applied for separately using the CPAF2 form – Application for funds to support hosting.

## **Compensation**

An application for grant should include a schedule of estimated expenditure of compensation payments e.g. for the exercise of rights over someone else's land. If such expenditure has not been identified or if it is evident that estimated costs will be exceeded, a project variation order on form CPAF4 must be submitted to the Environment Agency and approved before payments are made in respect of unidentified expenditure or expenditure in excess of the approved estimate.

A record of condition and plight should be taken before any works are started to provide a basis for subsequent determination of the compensation to be paid. The fees of independent specialists employed by an applicant to carry out this exercise will be eligible for consideration for grant.

The cost of post-works condition surveys may be considered for grant, provided they are justified. Only the reasonable and proper fees of the land owner's solicitors, surveyors and other experts (e.g. valuation specialist) payable by an applicant in connection with the settlement of approved claims are eligible for consideration for grant.

Interest paid on compensation may be eligible for grant, provided the interest charge was not incurred as a result of the applicant's delay in processing the claim. Details

of the reasons for interest should be provided.

If as a result of executing approved works an applicant anticipates being obliged to incur expenditure by reinstating or making good structures or works of a third party (e.g. roads, bridges etc), in lieu of a compensation payment, grant may be paid on the cost subject to submission of a survey of pre-existing condition. Any betterment will not receive grant.

## **Monitoring and evaluation**

Monitoring and evaluation of projects is critical to reduce the risk of projects producing low quality outcomes (by enabling mitigation action to be taken where necessary) as well as for ensuring lessons learnt are fed into the project selection in future years. Projects must put in place robust evaluation to determine whether the project has led to the desired changes. A periodic report for the project progress is required.

We would also expect projects to make an assessment of the cost-effectiveness to help aid decision-making about the allocation of future resources. A high level of knowledge exchange is critical for embedding a sustainable approach to water management in England.

Post-commissioning, applicants may be required to work with the Environment Agency to integrate their evaluation and monitoring plan into a wider, whole CPAF appraisal.

## ***What costs are not eligible for grant?***

A key principle is that there should be no double funding by the Exchequer. Where costs are in the normal course of events included in calculations for other grants they cannot be included in claimable expenditure from CPAF.

Certain classes of work will not attract support by way of grant.

- work that has not had prior approval from the Environment Agency
- work which should form part of an applicant's maintenance regime (as opposed to capital renewals) or work arising from a lack of regular maintenance or repair,
- work, the necessity for which arises from avoidable damage or negligence,
- work necessary to ensure compliance with an existing legal obligation, for instance a section 106 agreement under Town and Country Planning legislation.

Grant may not be spent on the following:

- any costs that do not represent an additional cost exclusively incurred as a result of the work described in the grant application, unless otherwise agreed in writing.

- overheads allocated or apportioned at rates materially in excess of those used for any similar work carried out by the grant recipient;
- activity that results in commercial gain or profit;
- the purchase of land or the purchase and construction of buildings;
- provisions, contingent liabilities or contingencies;
- loans or cash contributions
- dividends declared;
- interest charges or other finance charges;
- service charges arising on finance leases, hire purchase and credit arrangements;
- costs resulting from the deferral of payments to creditors;
- depreciation and amortisation;
- costs involved in winding up a company;
- redundancy payments, unless as part of a fixed term contract on the project;
- payments into private pension projects;
- payments for unfunded pensions;
- compensation for loss of office, bad debts arising from loans to proprietors, partners, employees, directors, shareholders, guarantors, or a person connected with any of these;
- gifts or entertaining;
- travel and subsistence that would give rise to a taxable benefit were the cost to be incurred by, but not borne by, an individual;
- recoverable VAT;
- other tax (except PAYE);
- statutory fines and penalties;
- criminal fines and damages;
- penalties/civil damages arising from civil/criminal legal proceedings taken against the grantee or civil proceedings started by the grantee, whether or not the grantee is successful or acquitted, even if the proceedings were in pursuance of, or in consequence of, the project having been given grant.

Applicants also need to ensure that, if they receive CPAF, they do not contravene EU State Aid rules. Please refer to Defra State Aid web page for further guidance on this matter:

<http://www.defra.gov.uk/corporate/about/how/state-aid/state-aid-rules/>

## 4. Making an Application

### ***Pre-application***

Prior to developing and submitting your application, we strongly encourage organisations who are interested in delivering a project to contact either their local Environment Agency Catchment Coordinator or the general CPAF enquiry email address [icm@environment-agency.gov.uk](mailto:icm@environment-agency.gov.uk). We are happy to work with organisations to help sound out ideas for projects and make links with your proposals to work that may already be planned or underway.

### ***Catchment allocations***

The limit of funding that a single Catchment Partnership operating at whole catchment scale can apply for is £46k there is no lower limit. Where there are multiple Partnerships within a catchment £46k must be split equally. Where possible, applicants should also detail what additional action could be delivered if funding was available up to a maximum of £80k per project, per whole water management catchment

Partnerships that are unable to identify and/or agree to, and submit a project bid within the time available will be eligible to apply for funding to support the role of the host in maintaining the partnership. Partnerships can apply up to the value of £15k for a whole water management catchment, and up to £7.5k for a sub catchment partnership. These funds should be applied for using a separate application form (CPAF2).

Where applications are submitted to deliver projects, then up to £15k of any amount awarded at whole catchment scale will be available, with the agreement of the partnership, to support the partnership hosting role. Applicants submitting project applications from sub catchment partnerships will be able to top slice up to £7.5k to support hosting. Any top slice should be applied for separately, but detailed in the project delivery application form.

There are a number of catchments that have between two and three sub catchment partnerships. In these catchments, each partnership would be eligible for up to £7.5k to support the partnership hosting role. The remaining funds up to a total of £46k would be available to deliver projects. For example:

3 x £7.5k for hosting + 3 x £7.8k for projects = £46k total, or;

2 x £7.5k for hosting + 2 x £15.5k for projects = £46k total.

The total funding sought should not exceed £46k in total across a whole water management catchment.

As for whole water management catchments, where possible applicants should detail what additional action could be delivered if funding was available up to a maximum of £80k across the whole catchment, including any top slice.

Alternative funding arrangements will apply in the London whole water management catchment which take into account the unique challenges in that catchment. Sub catchment partnerships in the London water management catchment will be eligible for up to £23k and will be able to top slice up to £7.5k to support hosting if desired. The Lower Lee North and South will each be eligible for up to £11.5k and will be able to top slice up to £3.75k if desired.

Only one project application can be submitted per catchment partnership.

If partnerships apply for the total amount available to them in their catchment for project delivery and decide not to top slice the funds to support hosting they will not be eligible to apply for additional funds for hosting. Applicants are strongly encouraged to secure additional contributions such as cash, in kind benefit, or volunteer hours etc towards project delivery, and record such contributions in their application form.

### **Projects covering multiple years**

This is a one year fund All projects will need to be delivered within 15/16. Carry-over of funding into 16/17 will not be permitted.

### ***Outline key dates***

The following table outlines key dates in the application and assessment process.

Launch of fund	
<b>Closing date for full project applications</b>	<b>5pm Monday 2<sup>nd</sup> March</b>
RRC begin independent technical assessment of applications and request further information where necessary.  RBD Liaison panels look at bids and identify potential efficiencies and additional match funding opportunities.	Mar 2015
River Restoration Centre (RRC) finish technical assessment	Apr 2015
National panel review and approve/reject applications	Apr 2015

Applicants notified of panels decisions and terms & conditions sent to successful applicants	Apr/May 2015
Successful applicants sign and return T&C's, provide bank details and hosts submit statement of account from previous year	
EA Process Awards	Apr/May 2015
First payments made to successful applicants	May 2015
Applicants deliver projects	May 2015 – Oct 2015
Applicant submits progress report	Sept 2015
Second payment made to applicants based on satisfactory progress report	Oct 2015
Applicants deliver projects	Oct 2015 – Mar 2015

### ***Application submission***

Interested organisations with well-developed proposals should submit their application for funding by completing the Application Form CPAF1. Instructions for submission are provided on the Application Form.

You must complete all sections of the Application Form. If any sections are not applicable, please state why not.

The completed form must be signed by the Chief Executive, a Director or equivalent senior member of the organisation to confirm that the information supplied is correct and that there is support from within the organisation.

## 5. Assessing Applications

### Overview

We are keen to ensure that projects deliver value for money, with project funding costs assessed against their likelihood of helping waters achieve elements of the Water Framework Directive's goal of good status or potential. But we will also be looking at wider benefits, such as those which might be valued in terms of improved ecosystem services provision.

Projects applying for funding, **must**:

- Be eligible within the terms of this guide.
- Aim to achieve improved status or prevent deterioration in one or more quality elements in one or more water bodies in England through reductions in pollution, improvements in ecological or morphological conditions, OR, aim to achieve objectives for a Water Framework Directive Protected Area in England.

Eligible applications will be assessed against four groups of criteria:

- Integration and engagement– the degree to which the project fits with other initiatives in a catchment and the degree to which it builds capacity or extends involvement of organisations in delivering Water Framework Directive objectives in the catchment.
- Benefits – the value of benefit likely to accrue in terms of progress towards good status, enhanced biodiversity and ecosystem service provision to society.
- Feasibility – the degree of confidence that the proposed solution can be delivered within the time and cost proposed, and the certainty that the proposed benefits will accrue.
- Evidence and Innovation – the degree to which new understanding of how to tackle problems will arise as a result of carrying out the project.

Feedback will be sought from the River Basin District Liaison Panels for the first criterion. The last three criteria will be evaluated by a national technical group using validation techniques to ensure objectivity.

Based on these assessments a CPAF decision panel, chaired by the Environment Agency with representation from Defra and Natural England and an independent expert will make final decisions on which projects to award grants to. In any situation where an assessment of a bid is required by an interested party then this representative will “step out” of the review for that project.

So, in summary, assessment will be a four stage process:

- Eligibility
- Fit within River Basin District – carried out with River Basin District Panels



- Technical assessment – using independent experts from within and outside Environment Agency to review project feasibility, benefits and contribution to knowledge base
- Final decision - based on information from previous stages

### ***Eligibility assessment***

Your application should be made on Form CPAF1 and be accompanied by any relevant supplementary information. The Environment Agency will use this information first of all to assess the eligibility of the applicant and the project.

Based only on the information submitted, we will assess whether the applicant is eligible and whether the core objectives of the application are in line with CPAF aims and objectives (as set out in this guide). We will also assess whether sufficiently clear information has been provided to allow the further assessment stages to continue.

Applications that do not pass this screening will not be taken forward. Applicants will be informed of the issues with their application and, subject to those issues being resolvable, they may submit again, if the timeline allows. Applicants unsuccessful at this stage will be informed within 10 working days of the application window closure date.

Applications that are deemed eligible will be passed to the technical assessment stage.

### ***Fit within River Basin District –Integration and Engagement Criteria***

River Basin District Liaison panels will be asked to provide feedback to the National Panel. Timescales are tight so a prescriptive approach will not apply.

Feedback provided may include:

- Providing feedback on the identification of efficiencies in project delivery by using alternative methods or by amalgamating projects or Identifying additional match funding opportunities.
- Where partnerships have not submitted a project bid, panels may wish to advise how any surplus funds may be best used.
- The role of Liaison panels will vary across the country with each River Basin District utilising its panel in the most appropriate way. Some may take a more hands on approach than others.

Members will be asked to declare interests relevant to applications and these will be recorded against the outputs produced by the River Basin Panel.

Similarly, projects are encouraged to show how they form part of a wider consideration/awareness of the surrounding landscape etc. Particularly, we need to see how the project fits within the range of issues and actions being undertaken in the catchment as a whole. Projects are encouraged that simultaneously deliver multiple benefits e.g. Sites of Special Scientific Interest, as well as achieving clear sustainable improvements to water body status.

Clearly it is important that applicants ensure their proposals are compatible with other existing or planned initiatives within the relevant area or catchment and that you show how your projects are integrated with that work. You should discuss potential overlaps with local Environment Agency officers and, where relevant, Natural England contacts, including the relevant information in the application forms. Use Natural England's [Nature on the Map tool](#) to identify possible overlaps with SSSIs, and the relevant Natural England office.

### ***Technical assessment***

The proposed bids will also undergo technical assessment including independent expertise from the River Restoration Centre. As noted above, the assessment will focus on three areas:

- Benefits – the value of benefit likely to accrue in terms of progress towards good status, enhanced biodiversity and ecosystem service provision to society.
- Feasibility – the degree of confidence that the proposed solution can be delivered within the time and cost proposed, and the certainty that the proposed benefits will accrue.
- Evidence and Innovation – the degree to which new understanding of how to tackle problems will arise as a result of carrying out the project.

### ***Final decision***

The final decision on making grant awards will rest with the Environment Agency, guided by advice from a national CPAF decision panel that it will chair. The panel will comprise representatives the Environment Agency, Natural England, Defra and the River Restoration Centre. As with River Basin Panels, any members of the panel will declare any interest they have in relation to specific applications that are assessed.

This is not a competitive process as only one application is invited per partnership.

### ***Outcome of assessment***

All applicants who have made full applications will be notified in writing of the outcome of their application.

### ***Successful applications***

For successful applications, the Environment Agency will confirm to applicants the funding to be awarded through an award letter and a Contract with the standard Grant Conditions and any other special conditions in a Contract Schedule. This will need to be signed and returned to the Environment Agency before any works or expenditure can begin.

Funding for hosts will not be released until receipt of a satisfactory statement of account for previous years Catchment Partnership Fund.

## **Unsuccessful applications**

Basic feedback will be given to each unsuccessful applicant as part of dialogue to enable potential projects to be better aligned with future catchment goals. It may be possible to resubmit the application with improvements if the timeline allows.

## **6. Grant payment and project delivery**

### ***Grant payment***

Upon agreeing to the Contract, Grant Conditions and providing the Precedent Information (where appropriate), successful applicants – which we now refer to as grant recipients - will be paid half of project delivery grant and the hosting element (where appropriate) and can begin the process of delivering the project. The remainder of the project delivery grant will be paid upon submission of a satisfactory progress report after 6 months.

### ***Precedent Information***

If the grant recipient is also receiving funds for hosting, a single set of terms and conditions for both the hosting and project delivery elements of the fund will be used. The hosting element of the fund will be subject to the receipt of precedent information as highlighted in the CPAF Terms and Conditions. We anticipate this will be limited to a satisfactory statement of account from the 2014/15 Catchment Partnership Fund.

The statement of account requires recipients of the 2014/15 Catchment Partnership Fund to provide a breakdown of what those funds have been used for and a short description of activities funded to demonstrate appropriate use of previous allocations.

If the statement of account is not forthcoming, or does not demonstrate appropriate use of previous allocations we will not stop the project payment, however the hosting element will be withheld until issues are resolved. This will only apply where the host is also the project delivery lead.

### ***Progress Report***

The progress report will need to be submitted on or before the 1st September on CPAF 6 to allow payment of the second and final installment of the project delivery grant to be processed and paid by the 1<sup>st</sup> October.

You will be asked to provide confirmation that the project is being delivered in line with the CPAF application form submitted. Any deviation from your original application will need to be highlighted and agreed with the Environment Agency.

### ***General information***

The Environment Agency will need to be able to track and audit expenditure, and will require appropriate record keeping and financial reports.

A range of forms are being developed which are referred to throughout this chapter:

- CPAF 1 Application form for project delivery
- CPAF 2 Application form to support hosting
- CPAF 3 Project Application Guidance
- *CPAF 4 Variation orders*

- *CPAF 5 Final account*
- *CPAF 6 Progress report*
- *CPAF 7 Not currently used*
- *CPAF 8 Project completion*

The italicised forms will be completed by April 2015.

### ***Completion of work***

Project completion form (CPAF8) must be submitted upon completion of the project.

The grant recipient will be required to submit a statement of account on completion of the project, following the end of the financial year. A copy of this form will be provided to you as part of the terms and conditions.

### ***Procurement and sub-contracting***

The key objective in the procurement of works, equipment, goods and services should be to ensure that the 'most suitable' is selected on terms, which are most likely to offer the best value for money (VFM). In general, competitive tendering is most likely to ensure best VFM unless the grant recipient agrees with the Environment Agency that there are good reasons to the contrary.

A grant recipient's procurement policy should reflect the principles in guidance from the Office of Government Commerce (OGC) including their *Procurement Policy Guidance* and *Notes*. The grant recipient must also ensure that it complies with any relevant European Union (EU) or other international procurement rules. The OGC website will contain the most up to date information. The link to OGC website is <http://www.ogc.gov.uk/index.asp>

For private legal entities, the general procurement principles which the beneficiary usually applies to the selection of bidders should be followed when tendering for consultants or contractors, provided that they are open, fair and transparent. The procedure used should be in proportion to the size of the contract.

If necessary, for example, if a tenderer is recently incorporated, the grant recipient may decide that a successful tenderer should be required to enter into a contract bond as guarantee of the due fulfillment of the contract. Any reasonable and proper extra cost for the bond may be considered for grant. Evidence of agreements with suppliers may be requested by the Environment Agency.

Payments to sub-contractors cannot be made unless their use has been agreed in writing by the Environment Agency. Most often this permission will be granted through the Award Letter which confirms the grant, provided that clear details of proposed sub-contractors have been outlined in the application.

### ***Forecast and progress monitoring***

To assist the management of grant payments grant recipients must keep the Environment Agency informed of their project forecast and progress

To claim the second installment of the fund, Grant recipients will be required to complete a form CPAF6 which sets out project progress, If these dates or the amount changes an amended CPAF6 should be supplied as soon as possible.

Grant recipients must keep the Environment Agency informed of variations from forecast greater than 10% by value of the grant awarded, as the project progresses.

Grant recipients are required to provide work in progress information such as project progress, date and value, when requested to assist financial and other planning.

### ***Contributions towards the cost of a Project***

Grant recipients are encouraged to obtain contributions wherever possible towards the cost of a project from those who will derive benefit from the project, or whose actions or requests have led to the project being undertaken.

Where contributions promised in the application are not supplied, the Environment Agency will consider the extent to which the amount of the grant requested is justified, taking into account the expenditure to be incurred by the grant recipient.

If contributions are received towards the costs of the project that were not foreseen or declared by the grant recipient when completing the application for grant, the Environment Agency will have discretion to vary the amount of the grant award, the scope of the project and any relevant grant conditions. The grant recipient should inform the Environment Agency immediately upon becoming aware of any contributions received or receivable that have not been notified previously to the Environment Agency.

### ***What If the costs exceed the formally approved sum?***

Any proposed change to a project which alters its outcomes, objectives or scope, including approved cost must be submitted on form CPAF4 and receive written approval from the Environment Agency (which may be granted or withheld in its absolute discretion) prior to being implemented. Any proposed variation will only be agreed on an exceptional basis unless there are unforeseeable circumstances. A request for a variation may result in discussions between the Environment Agency and the grant recipient in respect of the scope of the project. Failure to seek prior approval for variations may result in them not being accepted for grant.

If a variation results in a significant change to the design of a project, particularly involving changed environmental impact, a fresh application for approval will be required and it will be necessary to reconsider all consents and possibly re-assessed.

Immediately it appears likely that expenditure in excess of the approved sum may need to be incurred in order to complete a project details of the reasons and levels of expected extra costs must be submitted on form CPAF4 for formal approval. Failure to seek prior approval for excess expenditure may result in it not being accepted for grant.

If a request for a variation or excess expenditure is refused the Environment Agency and the grant recipient will discuss future steps in line with the provisions in the Contract and Grant Conditions.

### ***What if the project is not completed?***

Grant is provided for the specific project being carried out as approved. If a grant recipient proposes not to continue or complete an approved project, the Environment Agency must be notified immediately with a full explanation of the reason(s). In these circumstances, the Environment Agency may require the grant recipient to refund any grant advances that have been made and/or withhold any grant payments that would otherwise have been payable and/or revoke the grant award. The Grant Conditions outline arrangements for this situation, including where *force majeure* is a factor in non-completion.

### ***Proceeds of sale from assets funded by grant***

A due share of the proceeds of an arms-length re-sale of assets, based on the proportion of the original purchase value financed from grant, must be repaid to the Environment Agency.

### ***Access to works and records***

*The grant recipient must permit officers of the Environment Agency and their authorised agents to inspect the approved works at all reasonable times in line with notice periods set out in the Grant Conditions.*

In order for the Environment Agency to carry out Post Project Evaluations and technical audit the grant recipient must permit officers of the Environment Agency and their authorised agents to inspect the records relating to approved projects at all reasonable times.

### ***Acknowledgement of grant***

If construction signboards or permanent commemorative plaques are erected or other printed material published concerning the works, including magazine articles etc, a reference should be included to the effect that the works were supported by grant from Defra.

Any publicity associated with the project should advise that the project is being or has been delivered by or on behalf of the partnership, and not by any individual partner.

Grant recipients may from time to time be asked to work with the Environment Agency and/or Defra to support communication and media coverage of the work of the CPAF.

## ***Submission of final accounts***

When a project has been completed and the CPAF8 form returned, the grant recipient must, by the end of the next financial year at the latest, submit a final account. Partnerships within a River Basin District may decide to combine funds to deliver a larger project together. Form CPAF5, certified by a qualified auditor appointed by the Applicant must be completed if the grant received exceeds £125,000. Any potential claims or outstanding issues should be identified on the form and the advice of the Environment Agency sought.

When submitting a final account grant recipients must submit a CPAF4 to detail changes in the way the grant funding has been used where appropriate. Some of these may have been subject to an approved variation during the project. The final CPAF4 should provide a reconciliation from the original approved sum to the outturn.

Form CPAF5 should include details of compensation recipients and all sums paid to them. Other evidence, including plans with Ordnance Survey map referencing settled claims may be required.

The above deadlines should be regarded as the latest to be achieved in normal circumstances and it is expected in practice that final accounts will be provided as soon as possible and, where auditor certification is not required, well before the final deadline. Failure to meet these deadlines MAY result in entitlement to grant being forfeited or trigger repayment of grant, unless there are exceptional circumstances.

The Environment Agency will normally process final accounts, auditor-certified if required, within 2 months of receipt and make any adjustment to the grant payable (including claiming payment from the Applicant of any overpayment by the Environment Agency if necessary).

## ***Post Project Evaluation***

The Environment Agency or Defra may wish to select some or all grant eligible projects for Post Project Evaluation (PPE) in order to improve project appraisal, design, management and implementation and to obtain maximum benefit from accrued experience. Form CPAF8 which must be completed by the grant recipient will assist both Defra and the Environment Agency in choosing completed projects for PPE commissions. Grant recipients must make relevant information, including any obtained from monitoring or maintenance purposes, freely available to Defra and the Environment Agency, or their authorised agents.



## **7. Key contacts**

### ***CPAF administration***

If you would like to discuss informally your suggestion for a project or have any queries specifically relating to this guidance note or the application form, please contact us. We would be happy to help.

For general queries please contact:

### **Bidding and general queries:**

CPAF technical team [icm@environment-agency.gov.uk](mailto:icm@environment-agency.gov.uk)

### ***Local contacts***

We strongly advise you discuss applications with your local Environment Agency Catchment Coordinator.