

# External WEIF funding guide

## Water Environment Investment Fund guide

April 2021

This is an external version of the funding guide to provide a steer on how the "Water Environment Investment Fund" (WEIF) should be used to develop projects for the Medium Term Plan (MTP) refresh and used to fund projects within the Environment Programme.

### Overview

The objectives of the Water Environment Investment Fund are:

- To contribute to achieving statutory water body objectives, focusing on River Basin Management Plan (RBMP) measures without an owner
- To increase stakeholder engagement to ensure local needs and priorities for water natural capital are met
- To increase natural carbon storage and enable the water environment and water dependent wildlife to adapt and become more resilient to climate change impacts
- To protect and restore habitat conditions for at-risk priority water dependant species
- Maximise cost beneficial investment and secure wider economic, social and commercial benefits through improvements to natural capital

Through this fund the Environment Agency is looking to adopt a **partnership first**, catchment approach, focusing on local communities, partner needs and looking for co-benefits.

Investment should be coordinated with the planned investment and actions of others and not duplicate other planned investment.

Following a 1 year funding settlement for the 2021/22 financial year, The Environment Agency will be submitting a further spending review bid later in the year to invest in projects delivered through the Environment Programme. This guide is therefore based on an assumption that this is approved and the WEIF continues.

### WEIF and the Medium Term Plan (MTP)

The WEIF is an annually funded programme. The Environment Agency plan and secures longer term funding for WEIF through the MTP.

The MTP is an important document. It provides a 6 year rolling list of proposed projects and investment needs, with their costs and outcomes, to deliver the catchment priorities and ambitions. It provides both a ready list of projects, for the year ahead and a source of information to bid for more funding (via a Spending Review bid) by showcasing our shared ambition for the environment.

The development of the MTP should be based on an areas agreed programme strategic priorities (sometimes known as "noble causes"). These high level programme priorities should be developed with partners and should reflect Environment Agency Water Land & Biodiversity (WLB) vision and priorities and the Area 5 year local ambition.

# WEIF Principles: what the funding should be used for

**Delivery of the 25 Year Environment Plan (25YEP) with a specific focus on delivering clean and plentiful water outcomes.** The programme will also have links to; mitigation of and adaptation to climate change; thriving plants and wildlife; and beauty, heritage and engagement.

**Water Framework Directive (WFD) outcomes.** Delivering measurable improvements to the water environment to contribute to WFD objectives, as well as securing wider co-benefits (e.g. flood resilience, biodiversity).

Projects that deliver water improvements should be clearly linked to reasons for not achieving good or reasons for deterioration in the Catchment Planning System (CPS).

Delivery of projects to better connect and improve the status of **priority water dependent habitats and species** including work to:

- Enhance, restore or create habitats of principle importance (also known as priority habitats) associated with the water environment for which the Environment Agency hold a lead role.
- Further the conservation of species of water dependent principal importance (also known as priority species) for which the Environment Agency holds a lead role
- Compliment the development of nature recovery networks.

## Timeline and how projects are prioritised for funding

Our prioritisation process is based on the outcomes and criteria set out in the Defra steer and our WLB vision. The potential list of WEIF funded projects on the Medium Term Plan are prioritised at the area level and agreed with partners. Prioritisation is a competitive process ensuring that only the best projects which meet criteria set out in the Defra steer and maximise the outcomes and measures set by the Water Land and Biodiversity (WLB) vision and 5 year plan go forward for WEIF funding.

Priority should be given to projects that:

### 1. Maximise environmental outcomes

- Meet your **evidence led** area strategic priorities: "**noble causes**"
- Delivers **catchment scale multiple benefits**
- The primary purpose of the Environment Programme is still to deliver **Water Framework Directive (WFD) objectives**. It is expected that projects address reasons for deterioration or reasons for not achieving good.
- Delivers benefits for priority habitats and species
  - Delivery of **priority salmon actions**, and work to furthers the conservation of Pearl Mussel and white clawed crayfish
  - Creation or restoration of priority wetland habitats

### 2. Provides value for money

- WEIF should be a **catalyst for external funding**. Investment is co-ordinated with the planned investment and actions of others with the aim to attract £2 partnership contribution (cash, in kind, external) to every £1 WEIF.
- Demonstrate **good value for money** (£6 benefits for every £1 spent).

### 3. Capacity and capability of delivery partners

- Devolved delivery and **partnership by default**
- **Build capacity** of local partnerships
- **Confidence** in the deliverability of the project

Date	Action
April	MTP Refresh guidance published
April – June	Area EP teams start the MTP refresh based on national guidance <ul style="list-style-type: none"> <li>• Engage with internal teams and external partners to develop project ideas</li> <li>• Focus on securing the projects for next year’s programme but also with a view to capture the ambition for future years.</li> </ul>
End of July	Areas submit their MTP to the National Programme Office (NPO).
July – September	NPO pull together business case for WEIF to Defra, describing the funding, outcomes and benefits to be delivered (Spending Review Bid) to secure funding for the programme.
Nov	NPO QA and provide feedback to Areas about the suitability of the draft 2021/22 programme to meet the WEIF Funding Criteria.
Nov - Dec	Based on feedback, EP teams review and update the national MTP and projects for 2021/22 programme. Share update with internal and external partners.
Jan - Feb	Outcome of the Spending Review Bid shared (Note this timeline is high likely to shift)
March	Defra provide confirmation of next year WEIF allocation.

## Other Considerations

### Partnership Grants

Partnership Grants (PG) were developed to enable us to provide capital and revenue grants to third sector organisations to deliver projects, funded by WEIF, to protect and enhance the water environment and deliver other EA objectives. PG is not a funding programme in itself, rather, it is a payment mechanism for funding partnership projects. PG provide a more standardised approach to partnership projects, with a simpler payments process.

It should be noted that PG are not a contract for services and care will be taken by the Environment Agency to not treat the Grant Recipient as a contractor. Successful applicants will be offered a grant on the basis of a Legal Agreement.

The Environment Agency have been given powers to provide PG under the Charities Act 2006. Eligible organisations must therefore satisfy the following criteria:

1. The organisation must be 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.

Many of the organisations that we work with will be eligible, for example River Trusts, Wildlife Trusts, Catchment Partnership Hosts and other environmental non-governmental organisations. Public sector organisations (including Risk Management Authorities and Local Authorities (including any sub-groups or committees within a Local Authority)) and organisations that do not meet the requirements of being established for philanthropic or benevolent purposes are NOT eligible for a Partnership Grant.

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[www.gov.uk/environment-agency](http://www.gov.uk/environment-agency)

Multiple year and single year projects are eligible. Where the application relates to a multiyear agreement, note that sums of Grant in future financial years will be subject to the availability of funding which is confirmed by government annually. The Project will need to be planned and managed accordingly.

Once a Partnership Grant has been awarded then any proposed change to a project which alters its outcomes, objectives or scope, including approved cost must be communicated to the EA and written approval from the EA must be received prior to the change being implemented.

We would encourage partners to make use of the ability to claim interim payments throughout the year, and plan project milestones accordingly this will help to keep track of project costs and allow time for variations if needed. Upfront payments are also available on request.

Further information on Partnerships Grants is contained in the Partnership Grants Document PGF6 and is available on request.

## Health and Safety

It is important to consider how health and safety will be appropriately managed when developing projects with partners. For projects delivered through a Partnership Grant all health and safety responsibilities fall to the lead partner/external agreement holder. This includes ensuring the Construction (Design and Management) Regulations 2015 (as amended) are met.

## Maintenance

Partnership Grants terms and conditions state that EA has no responsibility for maintenance at all – during, before or after the Partnership Grant Agreement. It is important that future maintenance cost are considered and agreed with partners and landowners at project concept and development stages to ensure that the delivered works continue to function as intended after completion. However, future maintenance costs (in kind or in cash) can be used as a match funding contribution to the project.

## Carbon

The EA has a goal to become a net zero organisation by 2030 – this means that, by 2030, we will aim to balance the carbon emissions we produce with those we take out of the atmosphere so that we are no longer contributing to climate change. Work is underway to understand what this means for WEIF projects and guidance will be made available when complete.

In the meantime we would recommend the following factors are considered when planning and delivering projects:

- Consider the carbon cost of projects
- Project objectives e.g. enhancing the ability of the natural environment to withstand climatic changes
- Longevity of our interventions e.g. designing our interventions to withstand warmer summer temperatures, more intense rainfall etc.

## Project development

Project development costs (e.g. feasibility studies, design) can be included in the project costs. Project development should not be placed on the Medium Term Plan (MTP) as a stand-alone project, but should be part of a longer term project with proposed delivery objectives and outcomes defined. These longer term delivery objectives and outcomes can be revised and updated after the development and feasibility stages in the annual MTP refresh.

## Monitoring

WEIF funding is not to be used to fund stand-alone monitoring. It is acceptable to build in some pre and post project targeted monitoring to demonstrate that the project has delivered the required outcomes and benefits (seek advice from Analysis and Reporting colleagues), justify further improvement work and enable us to learn which type of interventions are most effective.

## External staff costs and posts

*There is a presumption that WEIF project money will **not** be used to fund / part fund posts in external organisations, however staff costs for project delivery are eligible.*

Defra and the Environment Agency already invest considerably in the Catchment Based Approach and the support of Catchment Partnerships through funding our Catchment Co-ordinator posts and the provision of £1.6m annually of WEIF revenue for the Catchment Host fund. In addition to our Catchment Co-ordinators, we can contribute our staff time to support the development of a partnership project and to make bids for external funding (classified as "in-kind" contribution to the project).

WEIF funding **should not** be used to fund a post in an external organisation or partner. However it is **acceptable** to claim for partner / contractor delivery time which is needed to deliver the project, for example staff time for the co-ordination of tree planting.

As a guide any sub-contracting work should be no more than 70% by value of the grant awarded.

It is also acceptable to allocate some WEIF within a project to pay for some external project management costs, if these are specifically related to the delivery of that project. A rule of thumb is that no more than 10% of project costs should be associated with project management. It is recommended that there are very clear objectives and outcomes associated with any contributions for project management.

Overheads for Partnership Grants can be funded at a flat rate of 20% of direct staff costs. This is expected to cover day to day running expenses, which an applicant must necessarily incur to discharge its functions. These include accommodation and related costs, insurance charges, legal and other professional costs.

## VAT

All VAT whether incurred in the UK or in other countries must be excluded from budgets and payment claims if the VAT is recoverable by the applicant. If the applicant cannot recover its VAT it can include the VAT element as a line item into the budget. Partnership Grants ask for VAT to be stated separately from the other costs and included in the initial grant application.

## Any Questions?

If you need any clarification about the process please contact your local Environment Agency contact/catchment co-ordinator.