

ENVIRONMENT AND LAND USE

19 JANUARY 2022

REFERENCE
GN04-22DEFRA FARMING INVESTMENT FUND
(ENGLAND ONLY)

(This Guidance Note replaces GN28-21 which should be deleted from your files)

1. INTRODUCTION

On the 16th of November 2021, Defra launched the new Farming Investment Fund (FIF). The FIF provides grants to improve agricultural productivity and bring environmental benefits to farmers in England. It is made up of 2 separate funds:

- The Farming Equipment and Technology Fund (currently **closed** to applications)
- The Farming Transformation Fund
 - Water improvement (currently **closed** to applications)
 - Improving farm productivity (currently **open** to applications)
 - Adding value (currently **closed** to applications).

This Guidance Note provides an overview of the funds, with key dates of funding rounds, and advice for those interested in applying.

2. FARMING EQUIPMENT AND TECHNOLOGY FUND (CURRENTLY CLOSED TO APPLICATIONS)

The Farming Equipment and Technology Fund (FETF) provides grants towards the cost of 120 items of **agricultural, forestry and horticultural** equipment and technology, which improve agricultural productivity in a sustainable way. The most recent round closed to applications on 7th January 2022, though more application windows are expected.

This fund is based on the now-closed Countryside Productivity Small Grant Scheme, with many of the same items eligible for funding. However, there are some changes, including 38 new items of equipment, and contractors are now eligible to submit applications. The updated list of items also includes a wider range of forestry and horticultural equipment. Grant contributions vary for each item and will be paid at the rate stated in the manual regardless of the actual cost of the item, whether it is higher or lower.

Key information about the FETF

- Applicants can choose from a list of 120 items, with each having [a detailed specification](#).
 - A specified grant amount is paid for each item.
 - Some lower value items can be applied for more than once under the scheme, though there are limits on the number.
 - Minimum grant application value £2,000
 - Maximum grant application value £25,000
- Application process
 - Applications are made online via the '[FETF Application Portal](#).'
 - The scheme is administered by the Rural Payments Agency (RPA). Applicants need to [register](#) their business with the RPA before they can apply, online or via the RPA helpline.
 - Applications can be made on behalf of others provided the applicant has the correct online permissions for the business that would receive the grant.
 - The online application should take no more than 20 minutes to complete.
- Eligibility
 - Farmers, horticulturalists, forestry owners and contractors from these industries.
 - To be eligible, the applicant's business address must be in England. Cross border farms with a registered business address in England can apply for the scheme, but the funds from the scheme will solely be used for the purposes of business operations in England.
 - Items must be purchased through a supplier or manufacturer and must have the recognised CE or UKCA marking where required.
- Competitive applications
 - Applications are competitive, and funding is not guaranteed. Each item has been assessed by the RPA and scored against pre-determined criteria, including productivity, animal health and welfare and environmental benefits.
 - Once the application window has closed, applications will be scored, and the RPA will contact applicants with their decision.
- Round 1 key dates

○ Opens	16 th November 2021
○ Closes	7 th January 2022
○ Equipment claim submission deadline	30 th September 2022

- Defra has not confirmed the duration of the scheme, or the dates of further rounds. Applicants will be able to apply for up to £50,000 grant over the duration of the scheme.

CLA Advice on the FETF

- This is a good scheme for farmers, foresters, horticulturalists and contractors who are considering purchasing new equipment or investing in technology.
- Selecting equipment
 - Identify your equipment and technology needs, then review the list of eligible items.
 - Once items have been selected, carefully review the specification for each item. Check with the supplier that the chosen equipment meets the specification, and that the supplier has or will have the item/s in stock.
 - Ensure that you have the funds to pay for the equipment, as the grant can only be paid once the item/s have been purchased, installed and are operational.
- Making an application
 - Make an application via the portal by the 7 January 2022, and bear in mind the need to meet the claim deadline of 30th September 2022 for evidence of purchase. There have been problems in the past with equipment supply, so we advise contacting the suppliers as soon as possible.
 - If timings do not work for you consider deferring for future rounds.
- Competitive scheme
 - The scheme is competitive so not all applications will be successful. To enhance your chance of success:
 - Ensure that you meet the eligibility criteria.
 - Assess your chosen item/s against the scoring criteria- do they improve productivity, animal health and welfare and/ or provide environmental benefits? Items that tick multiple boxes are likely to have a higher chance of success.
- Further information
 - You can only purchase specified items, but the list will be reviewed periodically. If you would like to purchase something that is not on the list, contact the CLA (or Defra) and we can propose it for future rounds. The CLA lobbied for the inclusion of a range of additional equipment for Round 1, with 19 of the 38 new items being ones we specifically asked for.
 - If you have further questions, please contact your CLA regional office.
 - You can find more details in the scheme manual, which is available [here](#).

3. FARMING TRANSFORMATION FUND

The Farming Transformation Fund (FTF) provides grants towards **large capital investment** to help businesses improve productivity, profitability, and environmental sustainability. The FTF will be run in rounds targeting specific topics. Each round will have a two-stage application process. The first stage is an expression of interest submitted to the RPA, typically within 8 weeks of the call opening. These will be assessed, and invitations sent for full applications with a window of 5-6 months.

- The first round is on Water Management with expressions of interest due on 12 January 2022.
- The second round will be on Improving Farming Productivity and opened for expressions of interest on 19th January 2022.
- The third round will focus on adding value to farm produce with details expected in early 2022.

4. FARMING TRANSFORMATION FUND - ROUND 1- WATER MANAGEMENT (CURRENTLY CLOSED TO APPLICATIONS)

The first round of the FTF is themed on water management, with grants for capital items related to infrastructure that improves the efficient use of water. The most recent round closed to applications on 12th January 2022, though more application windows are expected.

Eligible projects include constructing water storage reservoirs, pumps and pipework to fill a reservoir, underground water distribution systems and best-practice application equipment such as boom or trickle irrigators. Note that projects are not eligible if their primary purpose is to control flooding. You can use this [checking tool](#) to determine whether your project will be eligible for a grant. The tool will also give an indication of the strength of the application.

Key information for round 1 Water Management

- Grants cover up to 40% of the eligible costs of a project.
 - Minimum grant: £35,000 (total project cost of £87,500)
 - Maximum grant: £500,000 (total project cost of £1,250,000)
- Application process
 - The application process is online.
 - To apply applicants must [register](#) their business with the Rural Payments Agency (RPA) online or via the RPA helpline. The RPA assesses and administers the grants on behalf of Defra.
 - There is a two-stage application process with an initial registration of interest followed by full applications.
 - Applications at both stages are scored by the RPA against set criteria.
 - If invited to submit a full application by the RPA, there is [online guidance](#).
- Eligibility
 - England only
 - Open to growers of food crops, ornamentals and forestry nurseries.
 - A total project cost of over £87,500.
 - Applicants must own the land the project will be on or have a lease of 5 years minimum.
 - There is a list of eligible and ineligible costs in the [grant manual](#).
- Key dates

○ Opened	16 th November 2021
○ Online registration of interest deadline	12 th January 2022
○ RPA invite full applications	from 12 th January 2022
○ Full application deadline	30 th June 2022
○ Planning permissions in place	31 st December 2022
○ Abstraction license requirement	31 st December 2022

- Other important information
 - Do not start work, incur costs, enter into any legal contracts or place an order before the project start date in your Grant Funding Agreement.
 - Grants are paid in arrears and only once the work being claimed for is finished and has been paid for. Claims can be submitted in up to 3 stages to assist with cash flow and applicants will need to ensure they are able to fund each stage of their project.
 - Projects that require planning permission will not receive grant payments until the relevant permissions have been obtained, although applicants can still submit grant applications provided that a planning application has been submitted.
 - If a new water abstraction licence is required, applicants will have to submit evidence that an application to the Environment Agency has been made.

CLA advice for Round 1 - Water Management

- Identify if your project is eligible using the online [checking tool](#). Based on your outline project details, the tool will score your application, and elements of it, as either weak, average or strong. Before submitting, we recommend exploring the tool. By selecting different options, applicants can see how different factors impact on their score.
- The scheme is competitive, and success will depend on the number and value of applications submitted. To enhance your chance of success:
- Justification for funding
 - Ensure you have sufficient funds to cover the remaining costs of the project after the grant contribution has been determined.
 - Ensure your application underlines the financial viability of your current business and the beneficial business impact that the project will have.
- Project planning
 - Create a comprehensive project plan, detailing how the project will be delivered within budget and on time, and how risks to project delivery will be mitigated.
 - Decide whether the project will need to be completed in phases and establish whether multiple grant applications will be needed.
 - Explore opportunities for collaboration with other businesses - projects that will supply water to multiple growers will score more favourably.
- Understand assessment criteria
 - Projects are scored against their impact on farm productivity, by making more efficient use of water and securing water supplies for crop irrigation. For example, changing from rain gun application to trickle irrigation, or constructing a reservoir which enables a move away from summer abstraction. Applications which increase the irrigated area on which high value crops can be grown will score favourably.
 - Ensure your project delivers value for money. This is assessed at the full application stage and can impact the project score. Value for money is based on the number of outputs achieved compared to the value of the grant request. A project that achieves a high number of outputs but has a low grant request value will score more favourably than a project with a high grant request value that achieves a small number of project outputs.

- The outputs that will be measured are:
 - Increase in land area irrigated
 - Increase in reservoir storage capacity
 - Number of businesses benefitting
 - Number of new techniques
 - Number of new products
 - Reduction in annual summer surface water abstraction licensed volume
- Take note of key deadlines
 - Timelines for round 1 are tight, particularly given the need to secure planning permissions and abstraction licences before the end of 2022. Those that require both should submit their applications as soon as possible and before the full scheme application deadline of 20th June 2022. Processes for both can be protracted and applicants could suffer delays due to matters outside their control.
 - To improve their chances of meeting the deadlines, applicants should act now.
- Other resources
 - The CLA has a comprehensive advisory handbook on building farm reservoirs available [here](#), which costs £37 for members.
 - More information on applying for water abstraction licence can be found [here](#).
 - You can find more details in the Defra scheme manual, which is available [here](#).

5. FARMING TRANSFORMATION FUND - ROUND 2- IMPROVING FARM PRODUCTIVITY (CURRENTLY OPEN TO APPLICATIONS)

The second round of the Farming Transformation Fund is themed on improving farm productivity, with grants for capital items including robotic and autonomous equipment used in livestock and crop production, as well as equipment used in slurry acidification. You can use this [checking tool](#) to determine whether your project will be eligible for a grant. The tool will also give an indication of the strength of the application.

Key information for round 2 Improving Farm Productivity

- Grants cover up to 40% of the eligible costs of eligible equipment.
 - Minimum grant: £35,000 (total project cost of £87,500)
 - Maximum grant: £500,000 (total project cost of £1,250,000)
- Application process
 - Applications are competitive and are scored against funding priorities.
 - The application window opened on 19th January 2022 and runs to 16th March 2022.
 - Applications for slurry and robotics projects must be made separately.
 - The application process is online.
 - To apply applicants must [register](#) their business with the Rural Payments Agency, who assess and administer the grants on behalf of Defra.
 - There is a two-stage application process with an initial online eligibility check and registration of interest, followed by full applications.
 - Applications at both stages are scored by the RPA against set criteria.
 - If invited to submit a full application by the RPA, there is [online guidance](#).
 - The RPA aim to provide decisions on applications within 60 working days.

- Eligibility
 - England only
 - Open to farmers, horticulturalists and contractors
 - A total project cost of over £87,500.

- Funding
 - Applicants must own the land the equipment will be used on or have a lease of 5 years minimum.
 - There is a list of eligible and ineligible robotic items in [annex 1](#) of the [grant manual](#), though the RPA will consider autonomous robotic technology that is not listed, provided it meets their specification.
 - There is a list of eligible slurry acidification equipment in [annex 2](#) of the grant manual.
 - Costs associated with the installation of the items could be eligible, including the upgrading of electricity supplies.

- Key dates

○ Opens	19 th January 2022
○ Online registration of interest deadline	16 th March 2022
○ RPA invite full applications	from 16 th March 2022
○ Full application deadline	14 th September 2022
○ Planning permissions in place	31 December 2022

- Important information
 - Do not start work, incur costs, enter into any legal contracts or place an order before the project start date in your Grant Funding Agreement.
 - Grants are paid in arrears and only once the work being claimed for is finished and has been paid for. Claims can be submitted in up to 3 stages to assist with cash flow and applicants will need to ensure and they are able to fund each stage of their project.
 - Items must be owned outright before any grant money is claimed
 - Projects that require planning permission will not receive grant payments until the relevant permissions have been obtained, although applicants can still submit grant applications provided that a planning application has been submitted.

CLA Advice on Round 2 - Improving farm productivity

- Identify if your project is eligible using the online [checking tool](#). Based on your outline project details, the tool will score your application, and elements of it, as either weak, average or strong. Before submitting, we recommend exploring the tool. By selecting different options, applicants can see how different factors impact on their score.

- The scheme is competitive, and success will depend on the number and value of applications submitted. To enhance your chance of success:

- Understand the priorities of the scheme
 - Review the 3 priorities for funding under the scheme, as selected equipment that delivers on multiple priorities will have score more highly. There priorities are:
 - **Improve productivity** through better resource and nutrient management, leading to more efficient production.
 - **Improve the environment** by reducing your farm's environmental impact and reducing its greenhouse gas production.
 - **Introduce innovation** by adopting automation where access to labour is an issue.

- Recognise that equipment that utilises an electric or renewable energy source, including biofuels will be prioritised over fossil fuel powered equipment.
- Ensure you have sufficient funds to cover the remaining costs of the project after the grant contribution has been determined.
- Ensure your project delivers value for money. This is assessed at the full application stage and will impact the project score.
- Justification for funding
 - Ensure you have sufficient funds to cover the remaining costs of the project after the grant contribution has been determined.
 - Ensure your application underlines the financial viability of your current business and the beneficial business impact that the project will have.
- Project planning
 - Create a comprehensive project plan, detailing how the project will be delivered within budget and on time, and how risks to project delivery will be mitigated.
 - Decide whether the project will need to be completed in phases and establish whether multiple grant applications will be needed.
- Take note of key deadlines
 - Timelines are tight, particularly given the need to secure equipment orders and any planning permissions before the end of 2022. Those that require planning permissions should submit their applications as soon as possible and before the full scheme application deadline. Processes can be protracted, and applicants could suffer delays due to matters outside their control.
 - To give themselves every chance of meeting the deadlines, applicants should act now.
- Further information
 - You can find more details in the Defra scheme manual, which is available [here](#).

7. FARMING TRANSFORMATION FUND - ROUND 3- ADDING VALUE (LAUNCH EXPECTED EARLY 2022)

8. FURTHER INFORMATION

The Defra Future Farming and Countryside Programme has a number of other schemes to support agricultural productivity, animal health and welfare, and environmental land management. These schemes are summarised in the CLA Guidance Note *Overview of Defra Agriculture Transition Schemes*. There are individual CLA Guidance notes for many of the schemes that each provide key information and advice on whether and how to apply.

If you have any questions, please contact your regional office or the national team. If you wish to keep up to date with changes in Defra Future Farming Programme, please register for their email blog [here](#).

Name of contact	Cameron Hughes
Job title	Land Use Policy Adviser
Email address	Cameron.Hughes@cla.org.uk

For further information please contact:	CLA 16 Belgrave Square London SW1X 8PQ	020 7235 0511 www.cla.org.uk
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