Tests and Trials: Funding and Reimbursement Policy

The purpose of this document is to set out the principles and conditions of funding through Tests and Trials. Stakeholders who have both submitted proposals to take part in Tests and Trials and who are implementing approved proposals are referred to as “proposal holders” throughout this document.

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# Background

Tests and Trials is used as the primary mechanism by which Defra engages with farmers, land managers, and other stakeholders so that they can contribute to the contents and design of the new schemes that will deliver environmental land management. This aligns with the design principle of collaboratively designing the new schemes with industry.

We are testing and trialling elements of the new schemes to understand how and if they work in a real life environment, with different user groups. We will also trial new and innovative delivery approaches, to understand if and how they could be used as part of the new national system.

Tests will focus on specific elements or building blocks of the new schemes for example the land management plan. They will be shorter in duration and be explorative and iterative.

Trials will verify the feasibility of new ideas. They will run for varying lengths of time depending on the subject matter and objectives of the trial. We will use trials to assess the deliverability, value for money and how they fit with the landscape of novel and innovative delivery methods before they are introduced.

# Approach to funding the delivery of tests and trials

Proposal holders will be responsible for the implementation of their test and/or trial. We have agreed to make limited funding available to meet some of the expenses incurred to enable proposal holders to implement their proposals, and to help them meet the costs to deliver their test or trial.

We will only support proposal holders to conduct trials where we need to provide evidence and learning of the feasibility of new or innovative delivery mechanisms, such as reverse auctions and payments by results.

## Agreement to conduct tests and trials

We will formally engage with those proposal holders who require funding from Defra to conduct tests and trials through a formal legal agreement (hereafter the “Agreement”). The Agreement will outline the terms and conditions governing the receipt of Defra funding and the delivery and administration of the project.

The Agreement will set out, amongst other things:

* A description of the test or trial, including whether this is a test, trial or both
* The objectives and planned outcomes of the test or trial
* The maximum amount of funding Defra will pay, broken down into cost categories
* Key project milestones and deliverables (including reporting – engagement, monitoring, evaluation, evidence requirements and a final test report)
* The timeline for the test or trial
* A payment profile linked to the milestones
* The standard terms and conditions underpinning the funding offered

## Funding principles

We will apply the following principles to any funding requested by proposal holders to conduct tests and/or trials:

* We will provide funding to proposal holders based on the reimbursement of actual costs incurred, except in the situations outlined below where we will consider paying standard costs or income foregone. Underpinning the tests and trials programme is the principle of co-design. Proposal holders facilitating the tests and trials should not make a profit from this work.
* Open Book – proposal holders with an Agreement to deliver a test or trial must retain evidence such as original receipts, records of time spent and, in the case of workshops or other public events, details including names and number of attendees. These will be required to demonstrate costs incurred and proposal holders will need to submit and retain this evidence for recording and audit purposes.
* Reimbursement of costs will be made retrospectively based on the receipt of evidence, following the conduct of appropriate administrative, and if necessary, physical checks by Defra. For testing work, payments will be made in line with the payment schedule set out in the Agreement following receipt of evidence that show the agreed milestones have been delivered, i.e. an accepted Test Report. Interim payments could also be paid for proposal holders conducting trials; again on receipt of evidence showing the agreed milestones have been delivered, e.g. an Interim Trial Report.
* We will pay for overnight accommodation costs only where a rationale has been provided and pre-agreed in writing and provided costs are in accordance with Defra’s standard reimbursement policy.
* The scope of the agreed costs and activities to be funded will be set out in the Agreement. Proposal holders should not incur costs for which they will seek reimbursement from Defra until they have signed and returned their Agreement. Defra will only reimburse the costs set out in the Agreement. The Agreement, including any terms or conditions that may be applied to certain costs, may only be amended by written agreement signed by both parties.
* We may refuse to reimburse any costs where we do not receive sufficient and verifiable evidence that both:
	+ Costs or time have been incurred in accordance with the Agreement; and
	+ The milestones set out in the Agreement have been met.
* All Proposal holders will be required to declare that acceptance of any funding offered will not result in double funding.

# The Standard Reimbursement Policy

## The following policy will be applied to all requests for the reimbursement of funding from Defra for Tests and/or Trials:

## Standard Costs for facilitators and participants

Proposal holders will be able to claim for rates up to and including the maximum rates set out below to reimburse costs of facilitators and participants. We will take in to account additional flexibility for proposal holders and participants with access requirements, reviewed on a case by case basis.

These rates are based on other similar government initiatives and industry standard costs.

**Facilitator costs:** Someone who spends time specifically related to ensuring the delivery of the test or trial. This could include the organisation and reporting on the test or trial and working with farmers, land managers and others participating in the delivery of the tests and trials to ensure the fulfilment of the agreed outcomes of the tests and trials. The provision of facilitation should be additional to any existing work of the individual and will not cover existing staff costs.

In a situation where an organisation intends to utilise an existing staff member to facilitate test or trial activities, the existing role undertaken by that member of staff must be backfilled and the staff member will require a letter of appointment and a job description, with start and end dates, clearly stating that they will be wholly or specifically employed on tests and trials related activity.

We will reimburse actual costs, Payments of up to £400 per day cap will be considered. The number of days paid as facilitation time will be capped to the amount set out in the Agreement.

**Participant costs:** We will provide funding for those taking part in a test or trial only where there is a direct financial cost to their participation. For example, the reimbursement of farmers and land managers for their time to develop a land management plan or attend a co-design workshop, or to employ a relief worker. We will pay for participant costs only where a rationale has been provided and pre-agreed in writing.

Payments of up to a £200 per day cap will be considered to reimburse participants. The number of days paid as participant time will be capped to those set out in the Agreement.

## Other Costs

|  |  |  |
| --- | --- | --- |
| **Type of Cost**  | **Category** | **Amount** |
| Travel and Subsistence | We will pay for national travel required to deliver tests and trials. We will reimburse only pre-agreed travel and overnight accommodation costs. | In–line with Defra policy, which is subject to occasional change (Annex A) |
| Hire of venues/meeting facilities | We will pay for the costs of hiring venues/meeting facilities where these are required for the conduct of workshops etc. necessary to ensure the delivery of the tests or trials. | Costs proposed are reasonable, necessary and appropriate for the event to be held, subject to an overall cap |
| Accommodation | We will not fund office accommodation costs. We do not envisage a requirement for us to fund overhead costs. | £0 |
| IT and Communications  | We will not provide funding for hardware, e.g. mobile phones and laptops. We will consider the funding of expenditure related to specialist software and data, limited to that required purely for the purposes of delivering the test or trial, e.g. software licences for the duration of the test and trial.  | We will review these costs on a case by case basis to ensure value for money, and reimburse actual costs on receipt of evidence. To ensure value for money we may require organisations to obtain three quotes and submit them with their evidence. We are likely to require that the services are competitively tendered. We may decide not to pay more than the amount of the lowest quote. |
| Capital | We will not fund any capital costs. | £0 |
| Operating | We will consider funding specialist contractors – e.g. GIS/Data handling expertise, economist/business consultants. The use of specialist contractors will be judged on a case-by-case basis, and funded where they are essential to the delivery of tests and trials, i.e. the proposal holder responsible for delivery of the proposal has no in-house capability and the contractor is carrying out an essential job required to conduct the test or trial. The rates of the contractor must be deemed reasonable and in line with market rates. | We will review these costs on a case by case basis to ensure value for money and reimburse actual costs on receipt of evidence. We are likely to require that the services of any specialist contractors are competitively tendered. |
| The delivery of environmental outcomes | We do not envisage providing financial aid to support the delivery of environmental outcomes. Funding will only be provided where the test or trial proposes the delivery of outcomes for which no existing data, knowledge or information is available. Any payments for environmental outcomes will be subject to pre-approval. | We will review these costs on a case by case basis to ensure value for money. |

## Complex Tests and Trials (including trials of new and innovative mechanisms)

Whilst it is our intention to apply the principles set out above equally and fairly across all tests and trials, some complex trials (and possibly some tests) may involve bespoke funding requirements for which it would be very difficult to set standard rules. These will have to be individually agreed, paying due regard to rules around the use of public money, transparency and equal treatment, public procurement rules, reasonable costs and the value of the work to the development of the new schemes. All such expenditure if reimbursable, will be considered on a case by case basis and will be subject to pre-approval.

Proposals from Publicly Funded Bodies

For all proposals from bodies that currently receive public funding to deliver their day-to-day functions, we will additionally seek to identify that none of the activities proposed within the scope of tests and trials are currently funded within existing budgets. This will ensure fairness and consistency across all applications and ensure the provision of value for money.

Annex A - Travel and subsistence

Travel and Subsistence Principles

Travel should only be undertaken when there is no other practical alternative and, where travel is necessary, sustainability and environmental issues are taken into account when planning meetings and journeys. If travel is essential then care must be taken to ensure that the mode of travel selected is the most cost effective option. It should also take into account carbon emission and the amount of time spent travelling (e.g. in most cases rail is preferable to travelling by car) Air travel is not permitted.

If possible travel should be avoided, using telephone, web or video conferencing instead. All rail travel should be booked as standard class and advance purchase rail tickets should be purchased when possible.

UK subsistence

Ceilings and allowances for short term visits in the UK are set out below.

Ceilings are the maximum amount that can be reimbursed. Reimbursement is on an actuals basis, that is, receipts will be required to support claims.

Bed and breakfast costs

Maximum amounts that are reimbursable bed and breakfast costs:

* London: £130 per night
* Bristol: £100 per night
* Warrington: £90 per night
* Reading: £85 per night
* All other UK locations: £75 per night

## Mileage allowances

The following reimbursement rates apply to mileage travelled on official business. Where applicable, rates are appropriate regardless of the engine size of the vehicle.

| **Vehicle** | **Reimbursement rate** |
| --- | --- |
| Private cars and vans-  no  public transport rate | Up to 10,000 miles – 45p mileOver 10,000 miles – 25p mile |
| Private cars and vans- public transport rate | 25p mile |
| Private Use Car Scheme Rate | 11p mile |
| Pedal Cycle Rate | 20p mile |
| Motorcycles | 24p mile |
| Passenger/Equipment Supplements (privately-owned vehicles only) | 5p mile per passenger 3p mile for equipment carried in a vehicle. |

The rate you can claim will depend on the following:

No Public Transport Rate is payable where you:

* are driving your own privately owned motor vehicle
* have, in addition to the minimum insurance requirements, insurance without financial limits against claims in respect of bodily injury to, or death of, third parties or any passenger, damage to the property of third parties and damage to, or loss of the vehicle
* are using your vehicle for journeys on official business where use of the vehicle is essential
* need to use a car for official journeys because of a disability (even if you do not have comprehensive insurance or own the vehicle that you are driving)

Public transport rate is payable where you:

* are driving vehicles which do not meet the ownership requirements for privately-owned motor vehicles
* have, in addition to the minimum insurance requirements, insurance without financial limits against claims in respect of bodily injury to, or death of, third parties and passengers and damage to the property of third parties
* are using your privately owned motor vehicle on official business where its use is not essential for that business

Claims should be limited to the equivalent actual costs of public transport where payment of the public transport rate is still not the most cost-effective option.