



Darwin Plus Local

Finance Guidance

Round 3

October 2023



Department
for Environment
Food & Rural Affairs



This document is for guidance only and should be read alongside the Guidance for Applicants for Darwin Plus Local.

This document is for applicants to Darwin Plus Local and explains:

- What budget information you need to provide in your application.
- How payments will be made and how budgets need to be managed if you are successful.
- How to report finance.

Please ensure that you can meet these requirements before you apply.

Non-compliance with the guidance and T&Cs, may result in an ineligible application or place your project at risk.



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This publication is available at www.gov.uk

Any enquiries regarding this publication should be sent to us at darwin.initiative@defra.gov.uk

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Glossary

Biodiversity	"Biological diversity" means the variability among living organisms from all sources including, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems.
Defra	Darwin Initiative is a programme of the Department for Environment, Food and Rural Affairs (Defra), UK Government.
Evidence	Ranges in format, quality and relevance and include, documented and undocumented experiences, data, studies, policies, best practices etc. but is particularly valued when it is quality assured, accessible and applicable.
Lead Applicant	The individual who leads on the submission of the application and supporting materials, and will be the project contact point during the application process.
Lead Partner	The partner who will administer the grant and coordinate the delivery of the project, accepting the Terms and Conditions of the Grant on behalf of the project.
Matched Funding	Additional finance that is secured to help meet the total cost of the project, including public and private sources, as well as quantified in-kind contributions. It does not include additional public finance mobilised from UK public bodies, although this can be captured in applications.
NIRAS	the Fund Manager, and first point of contact for projects and applicants.
JNCC	The Joint Nature Conservation Committee; the public body that advises the UK government on international nature conservation, and Defra's delivery partner for Darwin Plus Local. JNCC will evaluate applications to Darwin Plus Local and monitor delivery of the programme.
ODA	Official development assistance – commonly known as overseas aid – is when support, expertise or finance is supplied by one government to help the people of another country via activities that promote economic development and welfare as a main objective.
Partner(s)	Have a formal governance role in the project, and a formal relationship with the project that may involve staff costs and/or budget management responsibilities.
Poverty	Poverty is multi-dimensional and not solely about a lack of money; encompassing a range of issues to fulfil basic needs and better one's life with dignity.
Project Leader	The individual with the necessary authority, capability and capacity, and a full understanding of their role and associated obligations to take responsibility for delivering value for money, managing risk and financial controls whilst fulfilling the terms and conditions of the grant.
Stakeholder	Are consulted, engaged and/or participate in project activities as they have an interest or concern in the project and its impact. They can also be partners, but

if not, they would not have a budget management, or a formal governance role, within the project.

Value for Money

Good value for money is the optimal use of resources to achieve the intended outcomes. Value for money is not about achieving the lowest initial price.

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1 Preparing Your Application

An understanding of the budget guidance is strongly recommended to ensure that you provide a realistic financial request.

You must provide all the financial information requested in the application form.

Defra may request additional information or evidence to support your application.

Key points to note:

- Your budget must be presented in **GBP (Sterling)** and should include all the costs you are requesting from Darwin Plus Local to deliver your project.
- All budgets must use the 1st April to 31st March financial year.
- The budget must cover the **lifespan of the project**.
- For budgets prepared in other currencies and converted to GBP, the **exchange rate** used, and its **source** must be identified.
- Project **start and end dates** must fit the dates for the fund; all financial commitments within the budget must be completed by the end date;
- Budgets must be **realistic and accurately planned**;
- Defra may ask for any costs to be reduced if they are considered too high;
- Defra retains the right to recover or withhold funds if there are concerns about how funds have been used or managed;
- Darwin Plus Local funding cannot be used as a substitute for activities that would normally be part of any organisation's core functions.
- If applying as an individual you must open a separate project bank account to receive and manage the grant. The maximum grant amount when applying as an individual is £20,000.

Budget changes between financial years will NOT be considered, unless in clearly exceptional circumstances, following formal agreement with Defra.

Costs are rigorously examined during the assessment process and decisions are based on **realistic and justifiable budgets** to deliver the work planned.

Full accounting records, including original receipts and invoices, **must be kept for seven years** after project completion and made available if requested.

Final awards may be subject to negotiation with Defra, and financial guidance including processes, are subject to review and change.

1.1 Staff Cost

This budget line should capture all costs and payments for services relating to named individuals working on the project. This would include:

- salary payments made to anyone being paid for their time spent working on the project (no increases allowable).
- any social security costs and contractual contributions, and other reasonable contractual employment benefits.

This should **NOT** include:

- external consultancy payments;
- any non-contractual payments;
- the costs of individuals making a short, very local input such as cooking for a field team or administering a workshop; these might be covered in Travel and Subsistence or Operating Costs.

The information provided **must** include each individual's **name** and **role** in the project.

You should be able to provide evidence of employment for anyone employed on the project.

1.2 Consultancy Costs

If you need to bring in specific expertise to support the project which cannot be delivered by project staff. Staff costs of Partners should not be captured as consultancy costs.

Please **clearly identify who** will provide the expertise and **what it will achieve**.

1.3 Overheads

The Darwing Plus Local will fund actual direct project costs plus **reasonable and justifiable overheads** related to the project; but will not subsidise other activities of organisations.

To be considered reasonable and justifiable, the overheads claimed **must be less than or equal to the organisation's actual overheads** for the project and **appropriately apportioned** between **all its activities or projects**.

Defra will decide whether the level requested is acceptable.

1.4 Travel and Subsistence (T&S)

T&S costs should be clearly justified and offer the best value available.

Defra may ask you to **justify or reduce** your T&S budget if they believe it is excessive.

Costs should follow your **organisation's policy**; Defra reserves the right to request a copy of this policy.

To minimise carbon emissions, you should consider and minimise the number of flights required.

1.5 Operating Costs

Operating Costs are those specific to the project.

For example, if you need to set up a local office for this project alone, you will show your costs here. If you have a local office that supports more than this project, we expect to see any related project costs under Overheads.

This is also where you can budget for other project specific costs such as workshops or the hire of tents for fieldwork.

Within the space available, please ensure that **any significant costs are clearly identified**.

1.6 Capital Costs

Capital costs are **long life/high value items** (over £1,000 per item) which may include vehicles, large pieces of equipment, and other assets, **with an expected life span of longer than the period of funding**.

We expect that **tracking tags** (used to monitor the location of fauna) will appear under 'Other costs' as they do not normally last longer than the project, although associated software/hardware may be capital costs.

Purchases of capital items should be **in line with the agreed budget**.

Any capital costs should **represent the best value for money** for delivering the project, as opposed to other approaches such as **hiring or leasing**.

There is no limit on how much you can request under Capital costs but you must demonstrate that the level of capital expenditure is **essential** and ensure it is **clearly justified/explained** in the application.

For items **over £1,000**, 3 quotes (in so far as there are enough suppliers) must be obtained to justify your choice on the basis of cost, availability (if an item is required urgently) and suitability; Defra may request to see this evidence.

If any **capital item is sold**, a share of the proceeds in the **same ratio as the grant contribution** to the cost should be refunded to Defra or offset against any **further approved expenditure**.

Any capital items bought from project funds must be used for the benefit of projects and should **remain in the host country** once the project has completed; they **are expected to remain available to the local partners, communities and/or stakeholders**, to support ongoing work; alternatives to this approach must be justified.

1.7 Other Costs

Any project costs that do not fall under the headings above will fall under **Other Costs**, including publications relevant to the project and bank charges related to project funds.

Within the space available, please ensure that any significant costs are clearly identified and detailed.

1.7.1 Bank charges

You can include bank charges where they are specifically relevant to your project, such as the transfer of funds to partners or the cost of opening a project bank account when you are applying as an individual.

However, you should not include bank charges that are not specific to your project such as fees or charges relating to your bank account in general.

1.7.2 Foreign exchange

Many projects will incur costs in currency other than GBP, and you should apply your organisation's approach to exchange rates as relevant. Managing **the currency exchange risk is your responsibility**.

Please ensure that at least monthly exchange rate records are maintained throughout the project.

Foreign exchange (FX) moves both upwards and downwards: you should review your budget costs in the light of how FX has moved in the past and on best advice on what it might do in future. Include realistic budget costs that allow for expected changes.

1.8 High-level Budget Characteristics

1.8.1 Value for Money

Projects must demonstrate good Value for Money in terms of impact and cost-effectiveness of each pound spent (economy, efficiency, effectiveness and equity).

- **Value for money means aiming for the best feasible project, not just a good project.** This means drawing on evidence to carefully appraise possible objectives and delivery options, considering how to use competition and thinking creatively about how to get the best impact.
- **That doesn't mean that we only do the cheapest things.** We need to understand what drives costs and make sure that we are getting the desired quality at the lowest price.
- **Nor do we just do the easiest things to measure.** We need to explain what we value, be innovative in how we assess and monitor value for money and what results we are trying to achieve with UK taxpayers' money.
- **Value for money is not something that applies only to project design.** It should drive decision making throughout the project cycle and in relation to running costs and evaluations.

Partners must demonstrate that they are pursuing **continuous improvement** and applying stringent **financial management and governance** to reduce waste and improve efficiency.

We expect Projects to demonstrate openness, honesty and realism about capacity and capability, **accepting accountability and responsibility** for performance **along the project chain**, in every-day and exceptional circumstances.

1.8.2 Matched Funding

Matched funding is not obligatory, but is desirable and will strengthen applications. It should be clearly identified in the budget which parts will be funded by Defra and which will be co-financed.

Matched Funding can include finance leveraged before or after the start date by the project from **public** and **private** sources, and **in-kind** contribution that can be quantified in financial terms.

Finance should be classified as based on the type of organisation providing it, with:

- **Public finance** being defined as non-UK government agencies including central departments, sub-national public agencies, multilateral agencies (e.g. GEF, UNEP), donor agencies.
- **Private finance** including commercial operations but also philanthropy and private foundations/funds.
- **In-kind** contributions are resources (other than money) such as staff, facilities and equipment than are not paid for by the project can be quantified or valued in financial terms.

1.8.3 Budget spread

You should consider the spread of funds throughout your project and ensure that you will be able to claim funds in time to meet your planned costs.

Consider not planning a lot of activity for the January – March periods where any delays may cause a risk to delivery of all work by the end of March.

1.8.4 Balance of funding to be spent in territory

Applicants should ensure that at least 80% of the funds requested from Darwin Plus Local are intended to be spent in a UKOT. If appropriate, this can include the Lead Partner placing orders for goods or services outside the territory, as long as payment comes through the Lead Partner and the Lead Partner is based in one of the UKOTs.

Darwin Plus Local has been created to build capacity and contribute to local economies in-territory. If more than 20% of the grant is expected to be spent outside of the territory, applicants must clearly explain their rationale in Question 9 of their application form. We recognise that some services and equipment may only be available outside some OTs. In these cases, applicants should use their application form to explain why they will be unable to spend the majority (80% or more) of their funds in-territory and how these services are being used and made available to build capacity in territory long term. For example, clear plans for training of in territory staff in new systems or use of tools.

Applicants are strongly advised to agree clear arrangements and understanding with all partners on budgets and how funding will be allocated, routed, spent and accounted for, before the project starts.

It is acceptable for the Lead Partner to include funds within 'their' part of the budget to cover other partner costs. This might be to help partners manage their finances where they have specifically asked for assistance.

1.8.5 Monitoring and Evaluation

Monitoring and Evaluation costs should be included in the budget, allocated to the appropriate budget line (e.g. Staff Costs, T&S etc.). As a guide, we would normally expect to see M&E costs of between 5 and 10% of your total budget cost.

1.8.6 Contingency

Your budget must not include a 'Contingency', it must be adequate and appropriate for the project.

1.8.7 'Sitting' payments

Defra will not pay 'sitting' cost to supplement salaries for individuals to attend workshops.

However, Defra will pay *per diem* costs and other reasonable costs for partners to participate in the project, to cover meals, travel and accommodation as necessary.

You can also include salary costs as appropriate, but you should not include any costs to provide additional, direct payments for attendance at meetings which are supplementary to salaries already being paid.

2 Budget requirements at application stage

The application form asks you to provide a budget, using specific budgetlines. Costs should be based on actual expected costs as far as possible. Rounded numbers should be briefly explained.

3 Financial Capacity and Capability

3.1 Financial obligations of the grant holder

As grant holders, you will be required to:

- Ensure that all project funds are properly accounted for;
- Ensure you apply a sensible financial approach to managing the project funds;
- Retain all invoices, receipts and records and other relevant documents relating to the project funds for a period of seven years after the expiry of the grant. Such records should be made available at the Fund Manager's reasonable request during the lifetime of the project.
- Keep the Fund Manager regularly informed of forecast spend during lifetime of the grant arrangement
- Comply with the Terms and Conditions of the grant.

3.2 Lead Partner

Evidence of the Lead Partner's current financial situation should be provided on request. This may be through audited or independently examined accounts or other financial information showing that you are able to manage the award.

3.3 Financial Evidence

It is not mandatory to be able to provide audited or independently examined accounts for the last two years but they are welcome if available. In the absence of these, you should be able to provide evidence and demonstrate your financial capability and capacity through year-end financial statements or the latest management accounts.

If you are applying as an individual the Fund Administrator will ask you for proof of identity such as a passport, ID card or driving licence and solvency (such as bank statements) and a police check.

4 Standard Payment Procedures

Please ensure that the payment process described here is compatible with how you will manage your project:

- **Projects can claim an advance of up to 85% of the full award with the final claim in arrears.**

Variation from this standard approach may be possible if agreed in advance.

Claim forms must be used and these are updated periodically: it is your responsibility to ensure the correct and current form is used every time.

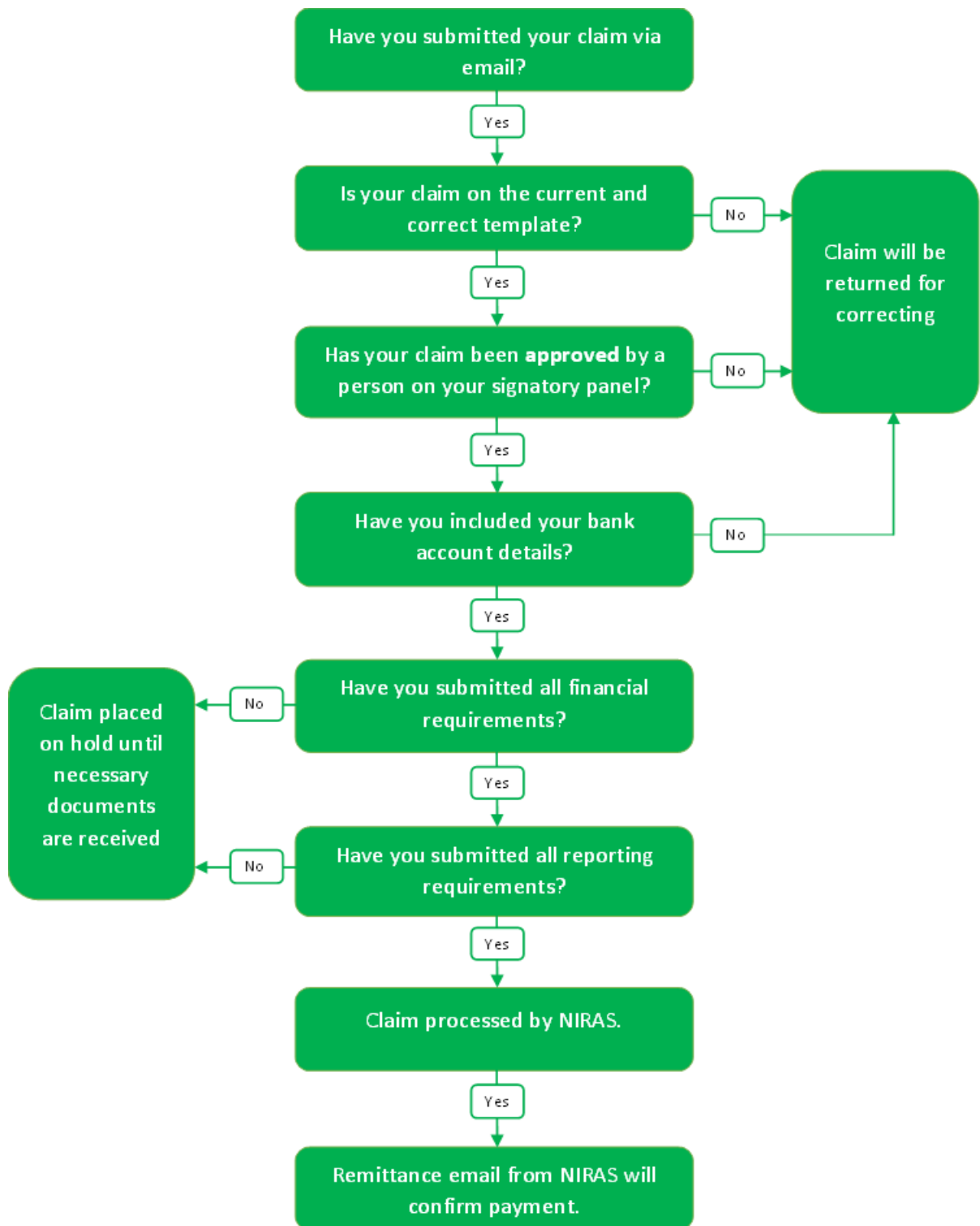
Claims submitted on an incorrect template, with errors or with omissions will be rejected. We cannot accept invoices.

Claims are checked on a weekly basis and will be paid within 10 working days of receipt if they are acceptable and all other required paperwork has been returned.

Factors can introduce delays in processing claims, but you will be kept informed of any known issues.

All claims must be submitted by email and be completed in all relevant sections.

4.1 How the claims process works



4.2 Payment Schedules

For Darwin Plus Local projects, the first payment is due on the start date of the project. You can claim up to 85% of the award in advance. The balance will be paid after the project has ended and you have submitted a satisfactory report.

You can submit your first claim ahead of the agreed start date, but payment will not be made until that date. We encourage you to submit your first claim when you return your award acceptance documentation.

To show good financial management, it is important that you manage your budget and review your spending forecast regularly.

Project spend is based on actual expenditure, so the last claim will be based on the actual expenditure for your project less the advance claim; this is referred to as the Actual claim.

Claim	Amount	Covering the period	Deadline
Actual Claim	Expenditure for the year, less the Advance Claim	1 st April to 31 st March	30 June the following year but should be claimed as soon as possible after the project has ended

Poor financial management is not acceptable and may impact any future applications.

The Actual Claim is paid after the project has closed so you need to ensure that you are able to accommodate this.

Defra retains the right not to pay claims submitted later than indicated in the agreed payment schedule.

Where there are legitimate concerns about the management of the award, Defra retains the right to recover or withhold funds.

4.2.1 Retention

Either **15%** of the total award for the final year or **£3,000**, whichever is greater, will be withheld.

These funds will be paid on acceptance of the Final Report.

4.3 Claims from and payments to non-UK bank accounts

Lead Partners with non-UK (international) bank accounts should be aware that international payments, in particular the first payment, may take time to arrive and you should plan accordingly.

New grant recipients must complete all required documentation if awarded funding: failure to do so may result in a delayed payment. Individuals must open a separate bank account specifically for their project in order to receive their grant.

On the Claim Form, you are asked to provide confirmation of bank details, including SWIFT codes where applicable and this needs to be completed in full for every claim submitted.

We will normally pay in GBP but can instruct the bank to pay in USD or Euros to suit your account if requested.

5 Conditions for Payment

The payment cycle is normally tied to technical and financial reporting requirements. Failure to meet them in a timely manner and to the expected standard will impact payments.

The required evidence for payments can be summarised as follows:

Claim	Deadline	Financial Evidence	Technical Evidence
Advance payment	within one month of the start date of your project	Grant Acceptance Form and Supplier Form	n/a
Final Actual Claim	not later than 30 June after project end	Verified Final Actual Claim	Final Report received and accepted

6 Managing your budget

This section explains how we expect you to manage your budget if your application is successful.

6.1 Good Practice

All Lead Partners are expected to closely monitor their budget against the project timeline. Some degree of flexibility within budgets is possible, but we expect you to have control over your budget and regularly review your plans.

The following points of best practice should be considered in managing your budget:

- **Collaborative.** Regular dialogue between the financial and technical team members is important. You should be able to forecast your project spend based on reality and planned activities. Do not just spread funds across the project in equal portions.
- **Forward looking.** The Fund Manager should be made aware of the need to adjust budgets as far in advance as possible.
- **Regularly updated.** It is recommended that you review your financial plans at least monthly.

In exceptional circumstances, for example where conflict or natural disasters have an impact on your ability to deliver, **Defra may be able to offer some flexibility** over budget changes. However, any such changes **must be justified** and **be due to unforeseen circumstances** beyond the control of the project, rather than poor planning, delivery or budgeting.

If you need to make a budget change and you believe you meet the criteria, you should do this via a **Change Request** (see 6.22 for guidance) as soon as possible.

6.2 Project Change Requests

Any significant financial or technical project changes must receive prior approval.

This is particularly important for proposed financial changes **between budget years and significant technical change**, but also includes changes to the project principals/key project personnel for which CVs or job descriptions have been provided and any other significant project changes.

Project Change Requests must be submitted on the **Change Request form**, after you have discussed any proposed changes with your finance team. Please contact JNCC (at DarwinPlusLocal@jncc.gov.uk) and NIRAS at (BCF-Finance@niras.com) as early as possible if you want to make changes to your project during delivery that may require a change request.

Any financial change that involves movement of budget between financial years **must be submitted before 31st December**; late requests **are unlikely to be agreed** unless exceptional and clearly justified. Exceptional circumstances could include, for example, conflict, natural disasters, or a new epidemic. Ongoing COVID-19 restrictions are no longer considered exceptional.

In planning your budget, you should think about risks that may disrupt planned activities for example:

- *Recruitment*: your original project plan should allow sufficient time for recruitment, taking into account relevant challenges (such as the job being in a remote location);
- *Timing of events* which may be subject to minor disruption – if a workshop is planned for March, is there any risk of slippage? If so, could it be scheduled earlier to avoid any need to request to move funds if slippage occurs?
- *Changes in government*: if forthcoming elections which may affect your project are known at the start of the project, build in time to manage this change and plan your budget accordingly.

Further details are available in the Change Request Form. Not all guidance in the form will be relevant for the length of a Darwin Plus Local project.

6.3 Spot Checks on expenditure and procedures

Every year, a proportion of projects will be identified for a spot check to ensure the grant has been spent in accordance with the agreement with Defra. You should be able to provide electronic information about all the transactions accounted for in your Actual Claim and to produce copies of original receipts and invoices backing up your claims if requested. The spot checks may include a review of internal financial controls and procedures, a record of which should be kept to support this.

Annex A. Items ineligible for funding

Under Government policy, there are a variety of items that are not normally acceptable for government funding and these are set out in the Terms and Conditions of Award.

For Challenge Fund projects, there are additional items that would not be considered eligible. These are summarised below and split into two lists. The first list covers items that **are not and cannot** be eligible. The second covers items **not generally acceptable**, but which could be considered acceptable in particular circumstances, as summarised below.

Not eligible

- gifts (except for gifts below £10 in value, typically educational or promotional materials which disseminate awareness of the project and further its aims)
- bribes, facilitation payments and any other inducements to obtain favourable treatment
- fruitless payments (costs whose expenditure obtained no benefit for the project)
- any costs which do not demonstrably further the aims of the project, or the expenditure of which is not reasonably attributable to activities performed in the furtherance of those aims
- any costs which are not necessarily incurred in the course of the performance of the activities of the project as submitted in the project proposal and approved by Defra or agreed subsequently through the formal Change request process
- any costs which are morally the private responsibility of the individuals who benefited from their expenditure (for example, travel costs to/from home and other expenses claimed by individuals which did not arise from their employment; other examples might include clothing other than uniforms/PPE, consumer electronics which confer substantial private benefit, travel and hotel accommodation for partners/family)
- any costs which a reasonable person would consider excessive, extravagant or wasteful

Not normally acceptable

- hospitality is potentially relevant, particularly with respect to workshops. We recognise that for many projects, fieldwork and workshops are key activities. We do not expect people to attend workshops or fieldwork, often travelling long distances, without being provided some hospitality. However, excessive hospitality which doesn't clearly advance the outcomes of the project, is not permitted
- tips and gratuities (these are not normally accepted, but small tips and gratuities under £5 may be provided)
- extra-contractual payments and bonuses (if the Project Leader wants to provide a bonus, with project funds, for outstanding performance this should be made via a Change Request)
- alcohol