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**East Devon District Council**

**Carbon Action Fund Round 2 (CAF2)**

**Policy & Guidance**

V2: 10/09/2025

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## Definitions

The following definitions are used within this document:

**‘Applicant’**; means the organisation applying to the CAF2 scheme;

**‘CAF2 Funding’**; means the Carbon Action Fund grant awarded by the Council to the applicant;

**‘Capital funding’**; means expenditure that results in the acquisition or construction of a fixed asset (land, building, vehicle, equipment) or enhancement of an existing fixed asset;

**‘Carbon Action Fund’ (CAF2)**; means the current (second) round grant scheme administered by the Council;

**‘Carbon Reduction Plan’**; means a report produced by a specialist detailing priority actions for decarbonisation and the carbon reductions associated with each action;

**‘Carbon Action Programme’ (CAP)**; means the decarbonisation support programme fully funded by East Devon District Council and administered by Business Information Point and Cosmic;

**‘Carbon Survey’**; means a report produced by a specialist detailing the source and size of an organisation’s carbon emissions;

**‘Council’**; means East Devon District Council;

**‘Department for Environment Food and Rural Affairs’ (DEFRA)**; means the Government department responsible for the Rural England Prosperity Fund (REPF) [scheme and guidance](#);

**‘Devon and Torbay Combined County Authority’ (CCA)**; means the overarching legal body comprising Devon and Torbay Councils to take collaborative action on local issues;

**‘East Devon’**; means the local authority area of East Devon;

**‘Equipment’**; means the items which the applicant is seeking to purchase (in full or in part), install and utilise using CAF2funding;

**‘Funding Agreement’**; means the agreement between the Council and the applicant that sets out the terms and conditions of the CAF2funding award;

**‘Match-funding’**; means funds provided by the applicant or another source (excluding the Council) to fund a percentage of the equipment;

**‘Ministry of Housing, Communities and Local Government’ (MHCLG)**; means the Government department responsible for the UK Shared Prosperity Fund (UKSPF) [scheme and guidance](#);

**‘Quote’**; means the estimated cost of a good or service provided by a supplier to the applicant;

**‘Revenue funding’**; means expenditure incurred for the purpose of the business’ daily activity, services or to maintain fixed assets;

**‘Rural England Prosperity Fund’ (REPF)**; means the [funding](#) provided by DEFRA;

**‘Trading’**; means businesses and organisations that are carrying on a trade or profession, or buying and selling goods or services in order to generate turnover;

**‘UK Shared Prosperity Fund’ (UKSPF)**; means the [funding](#) provided by MHCLG.

## 1.0 Scheme Purpose and Background

1.1 The purpose of this document is to determine eligibility for a grant award payment under the Council's second round of the Carbon Action Fund (CAF2) scheme.

1.2 The purpose of this scheme is to provide grants to help businesses and community organisations in East Devon to decarbonise and reduce or reuse waste. The Council's aim is to help organisations to decarbonise, reduce waste, reduce costs and support wider behavioural change to help the district reach net zero by 2040.

## 2.0 Funding

2.1 A total of £256,249 has been allocated to this scheme. This includes £128,124 from East Devon's UK Shared Prosperity Fund (UKSPF) allocation issued by MHCLG and £128,125 of East Devon's Rural England Prosperity Fund (REPF) allocation issued by DEFRA via the Devon and Torbay Combined County Authority (CCA).

2.2 Half of the total allocation has been initially allocated for community organisations and half for businesses. The final distribution of funds may differ based on levels of demand.

2.3 The Council reserves the right to amend the total funding allocated to this scheme should other UKSPF and REPF interventions underspend or overspend their respective allocations, or funding from other sources be extended or withdrawn.

2.4 Whilst the awarding of grants will be at the Council's discretion, MHCLG and DEFRA have set down criteria which must be met by each organisation receiving grant funding.

## 3.0 Eligible Applications

3.1 For the purposes of this scheme the Council has decided that the following eligibility criteria must be met in order for an organisation to receive funding through the CAF2.

3.2 Applications to the CAF2 can only be submitted where the applicant can provide and submit a carbon survey and carbon reduction plan of the required scope and standard. These must be for the organisation as a whole or the specific building/premises for which the applicant is seeking funding. Applicants may be able to access a free carbon survey and reduction plan through the Council's [Carbon Action Programme](#) (CAP). All surveys and actions plans generated via the CAP meet the required standards. Where applicants wish to apply using a privately funded survey and reduction plan, it needs to meet the following requirements:

- Include greenhouse gas (GHG) emissions as Scope 1, 2 or 3 as referred to in the [Greenhouse Gas Protocol](#)
- Be in line with the associated [PPN 06/21 Guidance](#)
- Been issued after 1 August 2024

3.3 The fund is open to applications from the following types of organisations:

- Businesses: a sole trader, micro business, small and medium-sized enterprise, or large business which engages in economic activity.
- Community organisations: a self-governing and not-for-profit organisation with legal status which works for the benefit of the public. This including charities, community interest companies (CICs), social enterprises, voluntary organisations, religious institutions, local authorities, community amateur sports clubs (CASC), education providers and other public sector bodies.

3.4 An organisation must be operating/trading at the time of their CAF2 application. Community organisations are considered to be operating if they are actively carrying out a public, community or voluntary service. They must also be a properly constituted not-for-profit organisation with at least two wholly unrelated trustees, signatories or directors. Businesses are considered to be trading if they are carrying out a trade or profession, or buying and selling goods or services in order to generate turnover.

3.5 An organisation can only receive CAF2 funding if it:

- a) is seeking capital funding for a specific decarbonisation project
- b) does not intend to use the funding to substitute lost income/turnover; to cover fixed business/operation costs; or as a wage supplement
- c) can demonstrate that it primarily operates within East Devon from a fixed address
- d) is not in administration, insolvent or has been struck off the Companies House register
- e) has not exceeded the permitted [subsidy control](#) threshold

3.6 All items fully or partially purchased using CAF2 funds must be fully utilised in East Devon on/in premises from which the applicant operates/trades.

3.7 Successful recipients of the Carbon Action Fund or Innovation and Resilience Fund who have received less than £50,000 in total from the Council are welcome to apply for this round (Round 2). However, applicants who have not received any previous funding from these schemes will be prioritised.

3.8 All applicants must be operating from at least one fixed premises in East Devon. CAF2 funded equipment cannot be installed on residential properties, including home-based businesses. This does not apply to bed & breakfasts. Where Bed & Breakfasts are registered for Business Rates, they are eligible for CAF2 funding. Where an organisation operates from a premises/site which is divided into separate areas liable for Business Rates and Council Tax, the majority of the space and energy consumed must be used for commercial purposes to be eligible for CAF2 funding.

3.9 Where the applicant is seeking to install and utilise CAF2 funded equipment on a property used for self-catered accommodation the property in question must be owned and operated by a commercial entity registered on Companies House.

3.10 Each application must be submitted by an individual eligible organisation.

3.11 An organisation can only receive CAF2 funding if they can evidence that they own or lease the premises where the CAF2 funded equipment will be installed and utilised. Where the applicant is a leaseholder, they must have written permission from the owner of the leased premises to install and utilise any equipment which will be installed onto or will modify the

building. Where the property is leased, the lease must not expire for at least another 2 years. The Panel will consider applications where the applicant has less than 2 years remaining on their lease in cases where the building is owned by a public body.

3.12 Applicants (directors/owners/major shareholders) can apply for CAF2 funding for more than one eligible organisation operating at different addresses. In such instances, separate proposals are required from each eligible organisation. If an applicant is a director/owner/major shareholder of more than one organisation or business operating/trading at a particular address/location, only one of those organisations/businesses can receive CAF2 funding.

3.13 Where the Council has reason to believe that the information provided by the applicant during the application process is inaccurate, it may withhold or recover CAF2 funding.

3.14 Where any organisation or individual misrepresents information or contrives to take advantage of the scheme, the Council will look to recover any funding CAF2 paid and take appropriate legal action. Likewise, if any person is believed to have falsified records in order to obtain CAF2 funding, an immediate referral to the National Anti Fraud Network will be made.

## **4.0 Eligible Project**

4.1 Applicants can only apply for CAF2 funding to deliver a decarbonisation project which complies with the objectives the fund. Projects seeking to reuse or reduce waste generated by an existing production process are also eligible.

4.2 An organisation can only apply for the purchase of new machinery and equipment where this is highlighted within a carbon survey and reduction plan.

4.3 Eligible types of equipment include, but are not limited to, the following types of equipment where an organisation is seeking to decarbonise its premises:

- Solar panels
- Small wind turbines
- Air source heat pumps
- LED lighting, replacing halogen lighting systems
- Double glazed windows, replacing single-paned windows
- Loft or wall insulation

4.4 Alternatively, an organisation may wish to purchase equipment to decarbonise, reuse or reduce waste within their existing production process. This could include new machinery which is less energy intensive or technologies to capture carbon, for example.

4.5 The use of CAF2 funding to purchase supplementary items required to facilitate the installation or utilisation of eligible items is permissible. If in doubt, applicants should contact Council officers at [caf@eastdevon.gov.uk](mailto:caf@eastdevon.gov.uk)

4.6 For the avoidance of any doubt, the following costs and activities are not eligible for CAF2 funding:

- Funding for any activity not relating to a specific type of equipment to decarbonise, reuse or reduce waste at a specific site/premises or production process.
- Funding to cover the maintenance or replacement of any existing equipment used to decarbonise a specific site or premises.
- Funding to cover any outstanding invoices, debt repayments or taxes relating to any new or existing equipment used to decarbonise a specific site or premises.
- Funding to cover feasibility studies or any other revenue (non-capital) costs.
- Funding to cover statutory costs or those associated with obtaining planning permission or any relevant regulations. It cannot be used for any costs paid to East Devon District Council.
- Funding to cover retrospective costs for equipment or activities already delivered or in the process of delivery.
- Funding to cover the purchase of road vehicles.
- Funding to cover any equipment not recommended in the applicant's carbon survey and/or reduction plan.

4.7 Only one project can be submitted per application, although an application can contain costs for more than one item/piece of equipment, service or provision to deliver that project. A project can also cover more than one eligible site/premises.

4.8 All projects must have fully spent their grant allocation and completed activity by the **31<sup>st</sup> of March 2026**. There is no possibility of extension or amendment to this end date as all UKSPF funded activity must be complete by this date. Any grant funding which remains unspent by this date will have to be returned to the Council in line with UKSPF guidance.

4.9 CAF2 funding cannot be used to purchase equipment where planning permission is required but has not been granted for the installation of that equipment. Applicants may be asked to provide evidence, such as an email/letter from a Planning Officer, to demonstrate that planning permission is not required.

4.10 CAF2 funding can only be used to fund electric vehicle infrastructure (including charge points) where the applicant can demonstrate they or their project is not eligible for the government [Electric Vehicle Infrastructure Grant for Staff and Fleets](#) or any similar fund.

4.11 All CAF2 recipients are fully responsible for maintaining and securing the CAF2 funded equipment at their own cost.

## 5.0 Funding Amounts

5.1 Applicants will be required to request a funding amount in the application form that is based on the estimated total cost of the equipment they intend to purchase, excluding VAT. Copies of quotes must be provided to evidence those costs when the application is submitted.

5.2 The table below details the minimum and maximum grant requests per application for the two pathways:

<b>Organisation</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Match funding minimum</b>
Businesses	£2,000	£30,000	30%
Community Organisations	£2,000	£30,000	10%

5.3 Funding of up to £30,000 is available per individual eligible organisation. The minimum grant amount that can be requested by any applicant is £2,000.

5.4 Community organisations must match fund at least 10% of the total equipment cost, whilst businesses must match fund at least 30% of the total equipment cost. Where an organisation meets the definition of both a 'business' and a 'community organisation', as set out in Section 3.3 of the Policy, they are eligible to apply as a community organisation. Any voluntary match funding committed by the applicant above these minimum thresholds will be scored favourably during the appraisal of the application, increasing the likelihood of grant approval. Match funding will only be regarded as such if it is committed and not already spent.

5.5 Match funding above the minimum thresholds will be required in cases where the applicant is unable to use CAF2 funds to cover the total cost of the eligible equipment. In this case, the applicant is required to detail the total cost of the equipment and evidence the match funding available to the applicant, either using internal funds or funding from an additional external source.

5.6 The CAF2 scheme cannot support projects that have received funding from other DEFRA schemes, including the Farming in Protected Landscapes Programme, the Farming Investment Fund and the Platinum Jubilee Village Hall Improvement Grant Fund.

5.7 In cases where the applicant is seeking to purchase equipment which is VAT rated, CAF2 funding cannot be used to pay the VAT element of this cost. Any VAT costs incurred by the applicant will not be regarded as match-funding.

5.8 All applicants must provide copies of quotes for the items they intend to procure using the CAF2 funding. At least two quotes should be provided from at least two separate suppliers for the purchase and installation of the equipment, with the applicant highlighting the preferred supplier. One quote will be accepted when specialist equipment is required and it can be demonstrated that only one supplier is present in the market.

5.9 All quotes provided by the applicant must be submitted as a screenshot, scan, PDF, or MS Word document, along with a date and a web address if the price is visible online. They must include the total cost of the equipment (excluding VAT) in pounds and the name of the supplier. All quotes will be subject to verification. Applicants which propose to use suppliers primarily trading and operating within East Devon will score more highly compared to suppliers outside of the district.

5.10 Applicants are welcome to provide quotes and procure from any supplier, excluding suppliers where the applicant is a director, or major shareholder of the supplier, or where an immediate family member of the applicant is a director or major shareholder of the supplier.

5.11 Applicants are responsible for sourcing the CAF2 funded equipment from reputable suppliers and conducting due diligence checks. Should a supplier/s fail to deliver functional

equipment leading to non-delivery of the project, the Council may seek to reclaim the grant funding awarded in part or in full from the CAF2 recipient.

5.12 The Council will undertake detailed pre and post-payment anti-fraud checks. Any attempt to fraudulently claim public grant funding will result in funds being recovered and legal action being taken in every instance.

## **6.0 Making an Application**

6.1 All applicants are required to complete and submit the online CAF2 application form available at [www.eastdevon.gov/caf](http://www.eastdevon.gov/caf)

6.2 An application to the CAF2 is only deemed to have been made when a duly completed application form has been submitted. Once this application is submitted, the applicant will receive an automated email response to the email address provided confirming their submission and application reference number.

6.3 Once an application has been submitted, the CAF team will conduct an initial appraisal of the application. If the application appears to be consistent with the eligibility criteria set out in this Policy document, the application will proceed to the scoring stage. Where the application is not consistent with this eligibility criteria, the application will be rejected and the applicant will be notified of the outcome.

6.4 The CAF2 scheme will open for applications on 15 September 2025, with an online application form made available for applicants to complete. The deadline for submitting an application is 4pm on 10 November 2025. Any updates regarding scheme dates and deadlines will be detailed [online](#) and applicants should check this prior to submitting an application. The Council reserves the right to close the scheme in part or in full at its discretion. Any organisation considering making an application to the CAF2 is advised to subscribe to the Council's email business bulletin to ensure they receive up to date information in relation to the fund. You can subscribe [here](#).

6.5 The Council reserves the right to request any supplementary information from applicants. Such requests should be responded to as soon as possible. The Council may suspend or reject an application in the event an applicant fails to provide sufficient evidence requested within a specified timeframe.

6.6 Full details of the Council's scheme, including how to apply are available online at [www.eastdevon.gov.uk/caf](http://www.eastdevon.gov.uk/caf) and marketed via the East Devon business update which all businesses are encouraged to subscribe to.

## **7.0 Assessing Applications**

7.1 Applications will be scored by officers using a scoring matrix. The table below outlines how points will be assigned:

<b>Category</b>	<b>Description</b>
Funding	Has the applicant committed any voluntary match funding above the mandatory minimum either through internal funds or an additional external funding source?
Green	How much carbon (or other greenhouse gasses) will be saved annually once the equipment is operational? How much waste will be reused or reduced?
Local	Does the applicant seek to procure from an East Devon business?
Need	Does the applicant have sufficient funds to purchase the equipment without CAF2 funding?
Priority	Is the applicant in a priority group? (see Section 9 below)
Resilience	Are there any wider social or economic benefits? How does the applicant intend to use any financial savings gained?
Value	Are the project costs reasonable and adequately evidenced?

7.2 The scoring matrix also contains pass/fail criteria based on sections 3 and 4 of the Policy. The application must pass all of these pass/fail criteria if it is to be scored.

7.3 If the application fails any of the pass/fail criteria, or scores 20% or below of the available points in the scoring matrix, the application will either be rejected, or the applicant will be asked to amend their application and resubmit it.

7.4 If an application both scores above 20% of the available points and passes all the pass/fail criteria in the scoring matrix, the application will be presented to UKSPF Panel of EDDC councillors who will make a final decision on each application. The total score will assist UKSPF Panel members in determining the competitiveness of a particular application. The UKSPF Panel can choose to approve the application, reject the application or issue a conditional approval submit to the applicant providing additional information or amending their bid.

7.5 Officers will use their professional judgement and discretion to determine how many points are awarded to each application based on the information provided, whether an application should be rejected before being presented to the UKSPF Panel or whether amendments are required before being presented to the UKSPF Panel.

7.6 All decisions made by the Council shall be notified to the applicant by email.

## **8.0 Funding Agreement**

8.1 Before any funds can be awarded, applicants must sign a Funding Agreement to ensure the business/organisation agrees to use the CAF2 grant payment to deliver the work detailed in their application, including all specified milestones, sub-tasks and outcomes. The Funding Agreement will only be shared with applicants who have had application approved by the UKSPF Panel. The Funding Agreement will be provided to the applicant by email.

8.2 The purpose of the Funding Agreement is to ensure that CAF2 funding is not used for purposes which the Council considers to be inappropriate. The Funding Agreement is a legal

document that will allow the Council to reclaim CAF2 funding from the CAF2 recipient should the terms and conditions set out in the Funding Agreement not be met, including any funds which remain unspent by 31<sup>st</sup> March 2026.

8.3 Funding will be dispersed as soon as possible from the point when both the application has been approved by the UKSPF Panel and the Funding Agreement has been signed by both the applicant and the Council. Funding will be paid in full upfront.

8.4 Applicants should not start the process of purchasing, ordering or installing equipment relating to their CAF2 application until the Funding Agreement has been signed by both the applicant and the Council.

8.5 Successful applicants will be required to provide evidence to demonstrate that they have spent their CAF2 funding appropriately and in line with their application and Funding Agreement. Applicants will also be required to provide regular updates to the Council to keep track of project milestones and whether the key project objectives have been met. Progress will be regularly reported to the CCA to report to DEFRA and MHCLG. Further details regarding monitoring and evaluating will be outlined in the Funding Agreement.

## **9.0 Priority Groups**

9.1 The following applicants will be prioritised in the scoring matrix:

- Organisations based in villages, hamlets or the open countryside.
- Organisations where the majority of directors, trustees or signatories are under 30 years of age.

9.2 Applicants who have not received a grant from a previous round of the Carbon Action Fund or Innovation and Resilience Fund grant schemes will be awarded additional points in the priority category.

## **10.0 Subsidy Control**

10.1 The UK is bound by its international commitments, including subsidy obligations set out in the Trade and Cooperation Agreement (TCA) with the EU.

10.2 Where an applicant is actively competing within a particular market, a CAF2 grant could be regarded as a subsidy. Where a CAF2 grant is regarded as a subsidy, the applicant must confirm to the Council whether or not the applicant has exceeded the minimum financial assistance limit. Further information regarding the Government's UKSPF subsidy control policy is available at [www.gov.uk/guidance/uk-shared-prosperity-fund-subsidy-control-7](http://www.gov.uk/guidance/uk-shared-prosperity-fund-subsidy-control-7)

## **11.0 Scheme of Delegation**

11.1 The Council has approved this scheme.

11.2 Officers of the Council will administer the scheme and the Section 151 Officer is authorised to make technical scheme amendments to ensure it meets the criteria set by the Council and, in line with Government guidance.

11.3 The Council reserves the right to change any element of this scheme at any time. Significant changes will be communicated via the Council's CAF2 webpage available at [www.eastdevon.gov.uk/CAF](http://www.eastdevon.gov.uk/CAF)

## **12.0 Review of Decisions**

12.1 The Council will operate an internal review process but will only accept an applicant's request for a review of its decision relating to a submitted application.

12.2 All such requests for a rejected application to be reviewed must be made in writing to the Council within 14 days of the Council's decision. The request should state the specific reasons why the applicant is aggrieved with the decision of the Council and how the application is Policy compliant, meeting all the necessary assessment criteria. New information may be submitted at this stage to support the applicant's appeal. Requests should be submitted to [caf@eastdevon.gov.uk](mailto:caf@eastdevon.gov.uk).

12.3 The application will be reconsidered by a senior officer as soon as practicable, and the applicant informed in writing or by email of the decision. This decision shall be final.

12.4 An organisation can reapply to the CAF2 scheme if their initial application was rejected prior to the deadline. A second application will only be considered if the proposal differs significantly from the proposal outlined in the initial application. An organisation can only reapply once. If a second application is also rejected, any subsequent applications will be automatically rejected.

12.5 The Council will not review any rejections where the rejection has been issued due to a lack of remaining funds to award the applicant. Where the Council has remaining CAF2 funds which are below the grant request of the next highest scoring applicant, the UKSPF Panel will make a decision on how any remaining funds will be spent.

## **13.0 Complaints**

13.1 The Council's 'Complaints Procedure' (available on the Council's website) will be applied in the event of any complaint received about this scheme.

## **14.0 Taxation**

14.1 The Government has confirmed that grant payments funded through the UKSPF or REPF schemes will be classed as income for tax purposes.

14.2 The Council does not accept any responsibility in relation to an applicant's tax liabilities and all applicants should make their own enquiries to establish any tax position.

14.3 All applicants should note that the Council is required to inform the Government of all UKSPF and REPF payments made to organisations.

## **15.0 Risk of Fraud**

15.1 Neither the Council, nor Government will accept deliberate manipulation of the CAF2 scheme or fraud. Any applicant found falsifying information to gain grant money or failing to declare entitlement to any of the specified grant may face prosecution and any CAF2 funding issued will be recovered from them.

15.2 Applicants should note that, where CAF2 funding is awarded by the Council, details of each individual payment may be passed to Government.

## **16.0 Recovery of Amounts Incorrectly Paid**

16.1 If it is established that any award has been made incorrectly due to error, misrepresentation or incorrect information provided to the Council by an applicant or their representative(s), the Council will look to recover the amount in full.

## **17.0 Data Protection**

17.1 All information and data provided by applicants shall be dealt with in accordance with the Council's Data Protection policy and Privacy Notices which are available on the Council's website.

17.2 Applicants will be made aware that detail about their application will be shared with DEFRA and/or MHCLG and the CCA for the purpose of monitoring and evaluating the scheme. Details may also be shared with other Council departments and contracted parties for verification and anti-fraud purposes.