



# Industrial Energy Efficiency Accelerator External Guidance Note – Project Application

This guidance note is designed to guide the submission of an application  
for funding to Phase 4 of the IEEA

v2.0

19 May 2022



Department for  
Business, Energy  
& Industrial Strategy



**Jacobs**



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# 1. IEEA Overview

## Key facts

- The BEIS **Industrial Energy Efficiency Accelerator (IEEA)** is a competition to help identify new energy/resource efficient technologies and accelerate their deployment in UK industry.
- The key focus is on innovations with the potential to cut carbon emissions through reduced energy consumption and/or improved resource efficiency. Eligible technologies should have a technology readiness level (TRL) of 5-8 within the relevant sectors.
- The target areas are industrial and manufacturing sectors in the UK.
- The programme is open to private sector companies, research organisations and universities.
- Up to £8m grant funding is available for demonstration projects, awarded on a competitive basis over two phases (phases 3 and 4), with awards typically between £150k and £1m (typically 40-60% support of eligible costs).

## Competition context/ objectives

The purpose of the IEEA is to fund innovative technologies that will reduce energy and/or resource use, and resultant greenhouse gas emissions from industry. This programme forms part of the wider BEIS Net Zero Innovation Programme, set to run between March 2021 and March 2025. The IEEA seeks to support the delivery of government decarbonisation strategies, including the Industrial Decarbonisation Strategy (published March 2021), and ultimately the UK's Net Zero by 2050 target. Improving industrial efficiency now will not only reduce emissions, but lay the foundations for further decarbonisation options in later years and decades.

The overall aim of the IEEA is to support all industrial sectors to increase the adoption of efficiency technologies. This can be broken down into the following objectives:

- Successfully demonstrate and prove the energy/resource savings from innovations, across a range of industrial sectors.
- Leverage private sector investment into near to market industrial energy/resource efficient technologies and processes.
- Overcome barriers associated with the reluctance of industry to install alternative low carbon innovations. This will lead to a decrease in persistent market barriers, which will lead to future investments in these energy efficient innovations, by producing technologies that are market ready with businesses capable of achieving sales within 2 years of grant award.

- Strengthen UK supply chains for industrial efficiency technologies and processes, and better understand UK capabilities and gaps in manufacturing of these technologies.
- Shape a competitive business environment for UK energy/resource intensive industries, by increasing their efficiency and productivity and reducing fuel and resource use.

For details of the projects supported in earlier phases of the IEEA, visit the website at [www.carbontrust.com/ieea](http://www.carbontrust.com/ieea)

**A support service is provided to applicants. It is highly recommended that you register your technology/project idea for initial screening before completing the application form to maximise your chance of a successful application.**

Visit <https://programmes.carbontrust.com/ieea/participate-in-ieea>

## 1.1 Competition scope, structure and dates

Funding will be allocated to projects implementing novel energy or resource efficiency process technology (or a novel use of existing technology) at a UK industrial site which leads to a reduction in (or avoidance of) carbon emissions.

Technology businesses, industrial companies, UK universities, and research organisations, or consortia may apply for a grant. It is possible for a company to apply individually; however, it is anticipated that most projects will be delivered through a partnership/consortium of at least two organisations.

Companies should only apply if the project would not go ahead without government support. You must include a justification for the costs claimed in your application. It is your responsibility to demonstrate that your stated eligible costs are necessary in order to achieve the objectives of the competition.

This guidance sets out in more detail the eligibility and assessment criteria. It also describes the processes for the application, assessment and award stages of the competition.

## 1.2 Competition dates

Phase 4 Summer competition will:

- open for applications on 19 May 2022
- close to applications at 3pm (GMT) on Monday 19 September 2022

Projects must commence no later than 31 December 2022 and should finish no later than 31 December 2024. Project timelines should include sufficient contingency to ensure that they

will finish by this date, factoring in that innovation projects often experience unexpected delays.

Applicants will be informed whether they were successful or not after the assessment in Autumn 2022. Success at this stage does not guarantee funding. Any funding will remain subject to completion of due diligence to BEIS' satisfaction and agreement to BEIS' proposed Grant Funding Agreement, including an agreed project and milestone plan.

We expect successful applicants to start and complete their project as defined in the application by the dates set out above. This is to ensure that funding is spent within the lifetime of the IEEA and also provides sufficient time for the creation and dissemination of case studies.

### 1.3 Competition budget

A budget of £8m is available across Phase 3 and Phase 4.

The budget for Phase 4 will be confirmed on the IEEA website once all of the Phase 3 grant awards have been made. This is expected to be by July 2022. It is expected that at least £3.5m in grant funding will be available to Phase 4 projects.

BEIS reserves the right at its absolute discretion to increase or decrease the size of the programme at any time and for any reason. The launch of Phase 4 does not guarantee the availability of funding now or in the future.

The expected grant awards will be in the range £150k to £1m.

There is scope for a **small number of exceptional** projects to receive more than £1m, where significant cross sector carbon savings are expected. In addition, there is scope for a small number of smaller projects to be awarded less than £150k, where they can demonstrate sufficient carbon saving impact.

## 2. Making an application

### 2.1 Before you start an application

You should read all the guidance provided before starting an application. You should also review the application form and the draft Grant Funding Agreement ([copy of each available on the IEEA website](#)) to ensure that you find the terms and conditions acceptable.

All applications will be made via an online SmartSurvey form. To start an application, access the form through the IEEA competition website. You can save your progress and return to your application at any time, to complete different sections. The application form is expected to go live on 19 May 2022.



## 2.2 Checking your proposal is eligible

### Pre-proposal preparation

**We strongly encourage you to register your process technology/project idea on the [IEEA website](#) for initial screening before completing the application form.** The IEEA team is able to provide advice and guidance on project eligibility and completing your application to ensure you give the best account of your potential project.

Experience from Phases 1-3 showed that those consortia that had received guidance had a considerably higher success rate than those that didn't.

To get in touch complete the idea submission form on the IEEA website. You will be asked to share details of your project to help the team provide an initial view. We will then be in touch to provide guidance on eligibility and arrange for a further discussion if necessary.

Commercially sensitive data that you share will be stored securely and will be used for the purposes of providing you with advice. We may also use your feedback to understand the project pipeline and to evaluate the performance of the IEEA, ensuring all identifying details are removed.

### Partnership support

The programme recognises the challenges of finding suitable project partners and is providing 'Partnership Support' as appropriate. **Information will not be shared or published without asking your permission in advance.**

The information provided in the idea submission form allows us, with your permission, to share information about your proposed project / technology with potential project partners through promotional activities. These could include inclusion in workshop events or webinars, or dissemination through trade associations or directly to industry stakeholders. We may be able to join calls or meetings that you set up with prospective partners in order to describe the programme to all parties.

### During proposal preparation

The IEEA teams at the Carbon Trust and Jacobs can also provide advice and guidance on completing your application form, to ensure you give the best account of your potential project. We will run clinics and you can arrange a 1:1 discussion to review particular aspects of your proposal, such as how best to demonstrate the potential energy or resource savings for the project, and assumptions for replication.

We are able to undertake one full review of your application form (as long as the draft is supplied as a draft word document version of the application form, by e-mail to [ieea@carbontrust.com](mailto:ieea@carbontrust.com) by 19<sup>th</sup> August 2022) to provide a view on whether the application

adequately describes your project proposal and is likely to provide all of the information that the assessment panel will require.

## 2.3 Applying with multiple proposals

Typically, a project should be focused on **one technology solution** within an identified industrial process **at one site**.

If a case can be made for a package of linked, complementary, and interdependent innovative elements then this may be considered a single project.

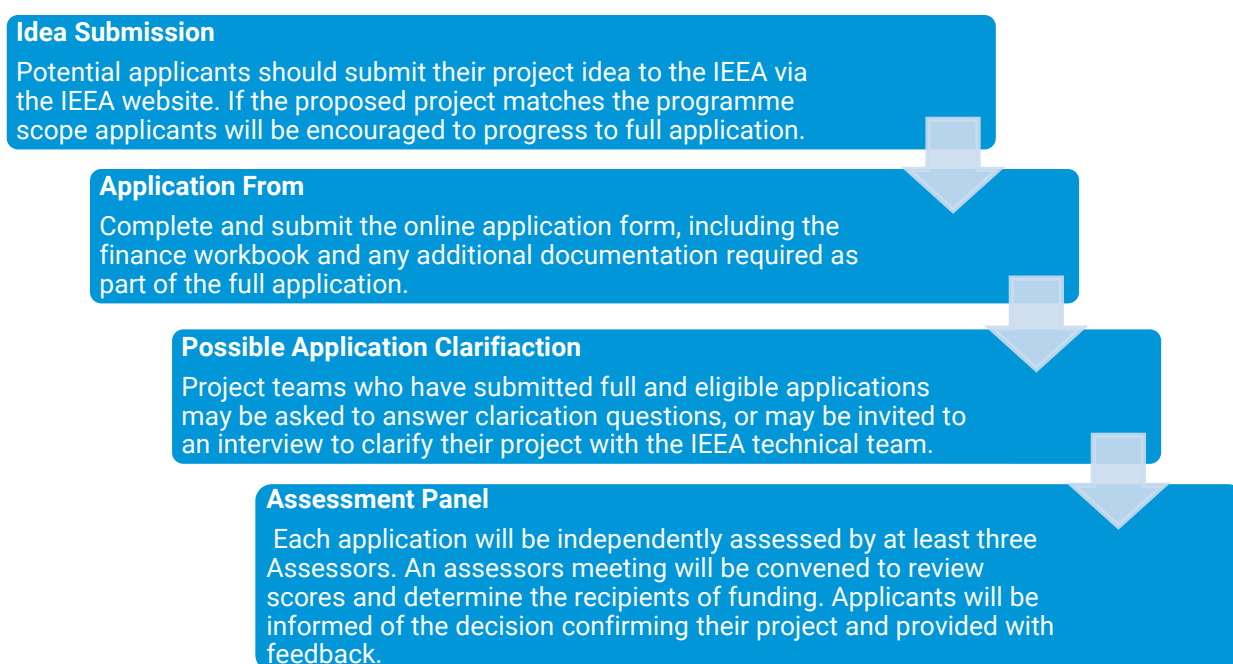
A single applicant may apply for more than one project with the same or alternative partners.

For example a single technology developer could separately apply for two independent projects with a single industrial partner, or with two different industrial partners. Likewise, a single industrial company could be a partner in separate applications with two independent technology developers

## 2.4 The application process

Before applying, please look at Figure 1 and Table 1, which shows the process of the application and what happens after application if you should be successful. Check whether this is suitable for your project. All dates given below may be subject to change due to prevailing circumstances (e.g. if the number or complexity of proposals received far exceeds that estimated).

**Figure 1: The Process**



**Table 1** Expected timetable

Expected timescale	Activity	Lead
<b>19 May 2022 – 19 Sep 2022</b>	Submit initial project ideas	Applicant
	Initial ideas screened and feedback provided	Carbon Trust / Jacobs / KTN
	Guidance on completing application form if required	Carbon Trust / Jacobs
	Complete and submit applications	Applicant
<b>Oct 2022</b>	Applications assessed - applicants invited to clarification interview if required	Carbon Trust / Jacobs
<b>Nov 2022</b>	Applications evaluated by expert panel	Carbon Trust / Jacobs/BEIS
	Applicants informed of panel decision	Carbon Trust / Jacobs
<b>Nov-Dec 2022</b>	Grant Funding Agreements and Grant Offer letters drafted and agreed	Applicant / BEIS / Carbon Trust / Jacobs
<b>31 Dec 2022 latest</b>	Project start date	Applicant

## 2.5 Preparation and submission of the application form

Access to the online application form is through the IEEA competition website. Once you save your progress you will be e-mailed a link to return to your application at any time, to complete different sections.

You are encouraged to download a Word copy of the application form (available when you visit the online application form, or from the IEEA website) for sharing drafts with consortium partners, and then upload the agreed answers as they are completed. You can save your work at any stage and use your unique application link (e-mailed to you when you save progress) to re-open your application form, provided it is before the closing date of the application window.

All applications must be submitted via the online application form. The application will be assessed on the answers provided in the application form fields. In some sections, additional specified information is required to be uploaded, which will be assessed. There are also some

opportunities to upload relevant supporting documents. Supporting documents should only be used to augment the main answer given in the application form, and assessors are not required to read or account for them. Uploaded documents cannot be submitted in place of answers being provided in the application form.

Each application must include the following documents:

- **Completed application form:** the online application form is available on the IEEA web portal.
- **Project success criteria table:** a template is included within the online form
- **Energy/resource savings table:** a template is included within the online form
- **Completed high level project plan** including Gantt chart and table describing the Work packages: these should be uploaded in the application portal
- **Project team organogram:** this should be uploaded in the application portal
- **Completed risk register:** this should be uploaded in the application portal
- **Completed finance workbook:** A template is provided on the IEEA application portal (a copy is available on the IEEA website). This template is to be used to present the Application finances. Completed finance workbooks are to be uploaded to the application portal within the online application form.

**Optional:** Applicants who wish to support their responses with figures (e.g., illustrations/PFDs/graphs/charts/schematics) may attach these as part of the **Further Information** section of the application form. The figure numbers should be referenced within the appropriate text box below to ensure they are assessed.

Additional letters of support or other **supporting information** can also be submitted in the **Further Information** section where these add background/ supporting information (e.g. relevant papers, assumptions/ calculations to back up the assertions made in the application). However, the assessment will be based on the information directly written in the online application; you should not assume that any supporting information will be cross-referenced or reviewed as part of the selection process.

Please allow plenty of time before the submission deadline to upload the answers and documents to the online application form. **Only applications submitted through the online system will be accepted. There is no option to submit applications via e-mail.**

Do not submit your application until you are sure that it is complete. Once the application is submitted you are not able to edit it further.

Once you have submitted your application there will be an onscreen confirmation that it has been received.

Applicants are encouraged to contact the IEEA support service at [ieea@carbontrust.com](mailto:ieea@carbontrust.com) if any help or clarification is needed as you work on your application.

### Submission costs:

You will not be entitled to claim from BEIS or the IEEA managing contractors any costs or expenses that you may incur in preparing your proposal, whether or not it is successful.

## 3. Eligibility

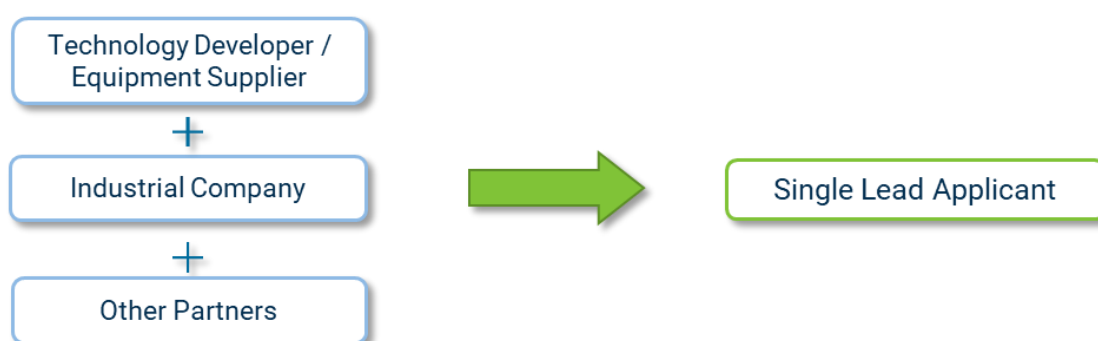
You will first be asked to provide information that will help us to assess the eligibility of your proposal and check that it is in scope of the competition.

Applications will initially be assessed against the Eligibility Criteria listed in this section. Applications which fail the Eligibility Criteria will not be assessed further, so it is essential to ensure that your project meets these criteria before you submit your application.

Eligible projects will then be further assessed against the Assessment Criteria as described in Section 5 (Assessment of proposals and criteria).

### 3.1 Organisation eligibility

Technology companies, industrial companies, UK universities, and research organisations, or consortia may apply for a grant for a demonstration project at a UK industrial site. It is possible for a company to apply individually; however, it is anticipated that most of the projects will be delivered through a partnership/consortium of at least two organisations. It is up to the consortium to select the most appropriate lead applicant.



**Figure 2 – typical consortium**

To lead an application your organisation must be a registered company, research organisation, or academic institution.

If successful, the lead applicant will be the signatory of the grant funding agreement with BEIS. BEIS will not have a legal relationship with, or pay money directly to, other consortium partners or other third parties.

The lead applicant must claim costs as part of the project on behalf of all partners.

As the lead applicant you will be responsible for creating the application, ensuring all parts of the application are completed including additional information required to be uploaded, and submitting the application before the deadline.

As the lead applicant, you will also be responsible for managing the project effectively if your application is successful.

### 3.2 Sector eligibility

To be eligible the demonstration must be installed at an eligible industrial process at a UK industrial site. The industrial company that owns and/or runs the site must be either the lead applicant or a consortium partner.

For this competition **the industrial process carried out** by the industrial partner should normally fall into the following Standard Industrial Classification (SIC) codes:

Sectors	Included	Out of scope
<b>Manufacturing Sectors</b>	Includes SIC codes 10 – 33	
<b>Mining and Quarrying</b>	SIC codes 05, 07, 08	
<b>Water, Waste, Construction materials</b>	Includes SIC codes 36 -39	Waste collection and construction site projects Water sector projects which do not show replication potential outside of sector
<b>Data Centres</b>	Includes SIC code 63110	Building fabric, lighting and renewables projects

Table 2 – Illustration of eligible sectors

If your registered SIC code does not reflect the industrial process carried out at the site of the proposed project, you will also be asked to provide details of the SIC code which most closely matches the activity at the site that is the focus of the proposed project. Where the industrial site or the process does not fall into the above list of SIC codes, BEIS will retain discretion to award funding, where the demonstration can clearly be seen to be applicable and replicable within the sectors listed above.

The project must relate to an existing identified industrial site or data centre located in England, Scotland, Wales or Northern Ireland. A site is defined as the postcode, or multiple directly adjoining postcodes at which the project takes place. The scope of the project should be within the boundary of the industrial partner site.

Consideration will be given to demonstrations located at pilot production facilities as opposed to full scale operational industrial facilities, as long as the pilot facility is of sufficient scale and adequately represents an industrial site, such that potential replicators of the project would be confident to deploy a full-scale project following completion of the demonstration.

BEIS, at its absolute discretion, retains the right to consider projects where the demonstration site is not a fixed industrial site in cases where the demonstration is replacing an industrial process that is normally carried out at a fixed industrial site (for example where the demonstration is a mobile site or not in an industrial sector) where the demonstration is a representative scale, and can clearly be seen to be applicable and replicable within the industrial sectors listed above.

### 3.3 Project collaboration requirements

Lead applicants can collaborate with other organisations provided the project partners claiming grant funding meet the criteria below. To collaborate as a project partner each organisation must:

- be a business of any size, a research organisation, a research and technology organisation, an academic institution, charity or a public sector organisation.
- carry out its project work **in relation to** the industrial partner's site which is located in England, Scotland, Wales or Northern Ireland

If the lead is collaborating with other organisations then the costs relating to each project partner, in addition to the lead applicant, must be included in the application. For all applications the lead applicant must directly incur a share of the eligible costs. BEIS will only have a legal relationship with, or pay money to, the lead applicant. The lead applicant must complete a section within the online application form for each partner organisation.

If any of the project partners do not intend to claim any grant against eligible expenditure, their eligible time and costs should be highlighted in the Project costs section of the application form.

If you are collaborating with project partners in a project team to deliver the project you will be asked to confirm in the application that you will sign a collaboration agreement if you are successful.

#### 3.3.1 Subcontractors

Subcontractors are allowed in this competition. Subcontractors must be selected through your usual procurement process. You may be asked about the location of your subcontractors. This is for the purposes of evaluation only and will not be assessed. We expect all subcontractor costs to be justified and appropriate to the total eligible project costs.

## 3.4 Technology scope

### 3.4.1 Summary of technologies within scope

The IEAA is technology neutral to allow applicants to deploy the most suitable novel process technology for their site and industrial process. Applications should demonstrate why the chosen process technology solution is appropriate, the savings it will achieve, and check that it meets the standards and eligibility criteria specified in this guidance.

Applicants in all competition strands are required to define their proposal as achieving an energy efficiency and/or resource efficiency outcome, and demonstrate the expected carbon reduction impact.

We will consider:

- Energy efficiency proposals which reduce the energy consumed by industrial processes at site level, attributing benefits to both the bill savings (we anticipate most efficiency projects will have a positive payback) and any associated emissions savings.
- Resource efficiency proposals which within an industrial process at site level: reduce the use of raw materials (including water); switch to raw materials with a lower environmental (particularly a lower carbon) impact; and / or lead to reduction in the amount of waste produced or needing to be processed, or improved efficiency of waste processing. All resource efficiency projects must also have a carbon reduction impact to be eligible.

The energy / resource / carbon savings should be related to an industrial process, either at the industrial demonstration site, or at a validated upstream or downstream industrial process. Downstream savings that are not related to an industrial process are out of scope.

(For example, an innovation to reduce or re-use waste, that avoids the need for energy intensive external processing of that waste may be in scope. An innovation to produce a lighter building material with better insulating properties, saving on transportation fuel, or reducing the energy use of a subsequent building, would not be in scope).

**Technologies must improve the energy or resource efficiency of the industrial process beyond existing standards currently required by relevant UK and international law, and beyond current good practice, in order to be eligible.**

Table 3 summarises the types of project within scope:



Themes	Included	Out of scope	Comment
<b>Energy saving</b>	Process energy saving projects demonstrated in any eligible sectors	Fuel switching, building fabric, HVAC, on-site renewables and on-grid generation	The projects should reduce the kWh used by an industrial process.
<b>Water and waste saving</b>	Reduced water use or waste production, water/waste re-use	Reduced transportation Recycling where no carbon benefit	Projects here should show cross-sector applicability
<b>Material intensity</b>	Reduced raw material use, low carbon alternatives & material recycling or re-use	Reduced transportation	Must demonstrate carbon saving. Could include material supplier partnered with an industrial demonstration site
<b>Digital</b>	Advanced digital technology, including enhanced sensors & controls and process learning for process optimisation leading to superior energy and resource efficiencies within the demonstration project.	Purely data analysis projects where the implementation of changes and measurement of savings is not fully demonstrated	Whole system approaches allowed, including mix of energy and resource efficiency, if baseline can be established

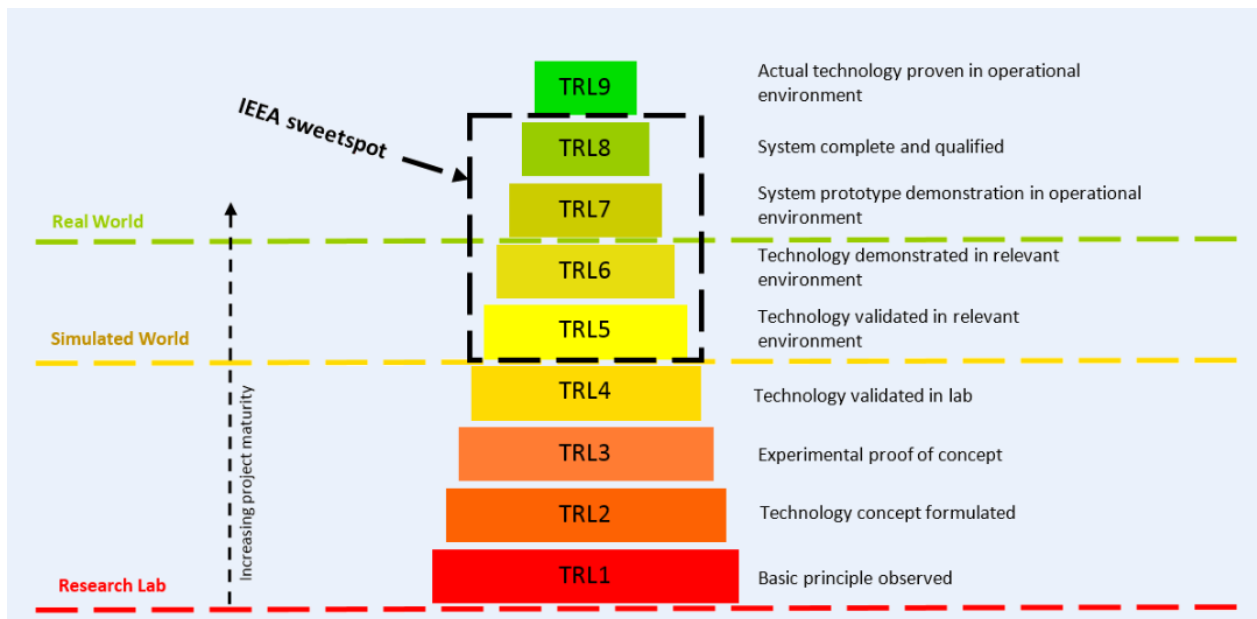
### 3.4.2 Technology readiness levels

The IEEA aims to support the development and commercialisation of innovative process technologies through installation and demonstration at industrial sites. We use Technology Readiness Levels (TRLs) to define the range of process technologies that correspond with real world demonstration, and are therefore in scope for funding.

Figure 3 describes the stages of technological readiness. Projects falling outside the eligible ranges (both lower and higher TRL) may be able to apply for support from other BEIS funding competitions.

You will be asked to confirm and provide evidence that the process technology solution(s) within your application meet the technology readiness criteria at the time of applying.

To apply for a grant from the IEEA, the project should be at least at Technology Readiness Level (TRL) 5 before the contract is awarded, with a formalised plan in place to reach TRL 8 or 9 via the demonstration project).



**Figure 3 –TRLs used by the IEEA**

Technology that has already been offered commercially may be eligible where the technology has not been demonstrated in the UK, or in the planned demonstration sector. The technology must be still regarded as TRL 5-8 for the demonstration sector, and there must be significant technical barriers to uptake in the demonstration sector, which the project will seek to overcome (not just commercial or price barriers).

### 3.4.3 Activities the IEEA will not support

The IEEA aims to fund projects that demonstrate innovative industrial energy and resource efficiency. We will not dual-fund any activities that are being supported through other Government programmes or funding (see section 4.10), or fund projects where there is already an established commercial market.

The IEEA will only support proposals that are consistent with the Net Zero pathway for industry.

Proposals which fall under the headings below are not in scope of the current competition.

#### Building improvements

The IEEA will not support projects that upgrade systems in buildings that are not integral to the industrial process itself. This includes but is not limited to:

- Building lighting
- Space heating, cooling and ventilation where not integral to the industrial process

## Production of fuels

The IEEA will not support the costs of developing, purchasing, installing, operation or maintenance of equipment related to the production of fuels, including but not limited to:

- Biogas
- Biofuel
- Synthetic fuels
- Hydrogen fuel
- Fossil fuels

The IEEA may however support projects related to more efficient waste processing in which fuel is produced as a by-product. In this case any energy or carbon savings claimed related to the fuel must be achieved on-site, for example by using any biofuel produced within on-site industrial processes or within an on-site CHP plant to generate electricity for use on-site. Savings related to export of fuel or electricity off-site cannot be claimed for the project.

## Electricity generation

The IEEA will not support the costs of developing, purchasing, and installing renewable electricity generation equipment including:

- solar panels
- wind turbines
- marine and hydro technologies
- biomass

The IEEA may, however, support other means of electricity generation where this involves recovering waste energy from an industrial process at the industrial site, for example using:

- waste heat or waste pressure
- waste process gas
- waste process liquid not suitable for transport use

CHP projects are not normally in scope unless they involve the innovative use of waste heat from or within an industrial process.

Where the IEEA supports electricity generation as described above, the electricity must be used to power an existing industrial process within the proposed industrial site and cannot be used to export any power beyond the site boundary. The IEEA will not cover the costs of linking the site to local or national gas and electricity grids or other off-site fuel supplies.

## Energy efficiency and decarbonisation measures in transportation

The IEAA will not support projects that improve the energy efficiency of, or lead to a reduction in emissions from, modes of transportation used on or off site, as the main energy or carbon saving benefit including but not limited to:

- Off road machinery (such as forklifts and tractors)
- Heavy-duty vehicles (such as diggers, cranes, or excavators)
- Automotive vehicles, heavy and light goods vehicles
- Rail
- Ships, boats, barges
- Conveyor belts to transport materials or goods off-site.

However reductions in transportation may be taken into account as “other project benefits”

### Non-energy / resource efficiency carbon saving projects

The IEAA will not support carbon capture and storage or use technologies, where this is the as the main carbon saving benefit. However carbon capture may be taken into account as “other project benefits”

The IEAA will not support carbon reduction through fuel switching - unless the innovative technology being demonstrated **also leads to a reduction in kWh energy consumption on site (in both delivered and primary terms)**. For example switching from gas to electrical heating can lead to reduced kWh energy use on site (due to reduced losses) but overall higher kWh primary, due to losses in generation, transmission and distribution).

### New builds and expansions

Where a novel process is being incorporated into a wider project then only the specifically identified cost of implementing and demonstrating the new energy / resource efficiency technology can be claimed as eligible cost – not the full capital project cost.

As an example, if a new site was being built including a new building, a conventional industrial process, and some new innovative industrial processes, only the cost of deploying the innovative processes would be eligible.

## 4. Finance form and funding rules

The IEAA will only award funding where it can be demonstrated that the grant requested by the applicant is directly needed for the costs of the demonstration project undertaken. It is your responsibility to ensure these details are correct and are in line with the relevant Subsidy Control rules and regulations.

## 4.1 Finance form

You will be required to fill out a finance form detailing the lead applicant and project partner(s) expenditure, eligible costs, grant amount requested and match funding, as well as a spend profile for the project on a work package basis. You should complete a single form covering your entire project and including all of your partners, clearly identifying which costs relate to which partner.

You will need to justify all costs claimed, either in the finance form, or as part of the application questions, as signposted. Further guidance on each area is provided below.

While BEIS understands that project costs may be subject to change prior to agreeing a Grant Offer Letter and throughout the course of the project, we do expect the final version of the Finance Form to be a guide to project expenditure through delivery, and costs should not vary significantly from this without prior agreement of the IEEA team. The grant claim may not exceed the amount requested in the application and stated in the Grant Offer Letter.

Further guidance on completing the finance form can be found in Appendix 1.

## 4.2 Lead applicant and partner expenditure

The finance form will ask you as the lead applicant to set out your project expenditure. It will cover the following separate cost areas, some of which may not be applicable, depending on the project:

- Direct labour costs incurred by the applicant and partners from using employed staff on the project.
- Overhead, which is typically a percentage of your direct labour cost.
- Materials that make up a project, such as components and hardware.
- Capital equipment used or deployed during the project, calculated as a depreciation charge. This can be either new or existing equipment.
- Subcontractor costs.
- Travel and subsistence
- Other, for anything else that does not fit into the above categories.

You must be able to justify each cost line on the finance form.

## 4.3 Eligible costs and grant amount requested

In the finance form you will be asked to set out the project costs that are eligible to receive grant funding for the lead applicant and each partner (if applicable), and the amount of grant funding you are requesting.

When you apply to the IEEA you will need to determine whether the costs associated with the project are eligible to receive grant funding. The section below defines eligible costs and how these can be derived. The maximum amount of grant funding that you can claim against eligible costs is determined by rules on Subsidy Control also set out below.

You will need to justify that the costs you intend to claim against are necessary and directly linked to the successful deployment and demonstration of the project.

The IEEA will provide grant funding towards the costs of developing and demonstrating an energy efficiency and/or resource efficiency technology. Examples of the type of costs that are eligible are capital and material costs, subcontractor costs, and direct labour costs for the installation of the measure.

Only actual costs incurred are eligible to claim for. You may not include any element of profit in claims.

The following costs are ineligible for the competition:

- Costs not directly linked to the achievement of the energy and/or resource efficiency objectives of the project.
- The value of contributions in kind, for example a contribution in goods or services as opposed to money.
- The costs of any preparatory work conducted before the Grant Funding Agreement is signed.
- Costs incurred from production down-time
- Ongoing operating costs are not covered by this competition

Further details on eligible costs can be found in Appendix 2

## 4.4 Subsidy requirements

**DISCLAIMER:** While BEIS will operate within the UK-EU Trade and Co-operation agreement (TCA) requirements and World Trade Organisation (WTO) rules, we may decide to offer lower levels of funding than the maximum permitted under the rules; additionally, the funding rules set out in this Guidance Document for the IEEA are specific to this Competition only.

### Subsidy Control

The IEEA will support successful applicants through subsidies awarded in the form of grants towards the eligible costs of the proposal. Since 1 January 2021, public authorities must comply with our international commitments on subsidies in the UK-EU TCA, and other trade

agreements, as well as the WTO rules on subsidies<sup>1</sup>. Subsidy rules dictate the types of costs that applicants can claim grant support for, as well as the maximum level of grant funding that they can receive which may differ by organisation type, size, and location.

### Rules for Subsidies in Scope of the Northern Ireland Protocol

The rules set out in this document apply equally to all applicants from England, Wales, Scotland, and Northern Ireland that are eligible to receive funding. Grants awarded to applicants and partner organisations from Northern Ireland will also be subject to scrutiny from the European Commission in accordance with Article 10 of the Northern Ireland Protocol in the UK/EU Withdrawal Agreement. If the European Commission considers a business or any undertaking to have been incorrectly in receipt of grant funding, that undertaking is likely to be required to repay any aid received to the value of the gross grant equivalent.

Applicable subsidy intensities for this competition will depend on:

- The type of organisation
- Your organisation's size
- The activity being undertaken

The following section sets out how these factors affect subsidy intensity, followed by detailed definitions of the factors.

## 4.5 Funding intensities for private sector businesses by size and activity type

Successful applicant(s) to the IEEA will be eligible to receive grant funding for a project under 'Aid for research and development projects'. The maximum percentage of public funding that can be provided towards eligible project costs for different sized consortium partner(s) undertaking different types of activity is summarised in Table 4: "Maximum public funding for projects qualifying under 'Aid for Research and Development'".

**Table 4** Maximum public funding for projects qualifying under 'Aid for Research and Development' – economic activity

Research category	Size of enterprise	Maximum amount of funding towards eligible project costs
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<sup>1</sup> <https://www.gov.uk/government/publications/complying-with-the-uks-international-obligations-on-subsidy-control-guidance-for-public-authorities>

		Single business applications	Collaborative applications
<b>Industrial Research</b>	Small/micro	70%	80%
	Medium	60%	75%
	Large	50%	65%
<b>Experimental Development</b>	<b>Small/micro</b>	<b>45%</b>	<b>60%</b>
	<b>Medium</b>	<b>35%</b>	<b>50%</b>
	<b>Large</b>	<b>25%</b>	<b>40%</b>

The figures represent the maximum aid intensity that BEIS will provide private sector project consortium member(s) under IEEA Phase 4. For collaborations, no one organisation may account for over 70% of eligible project costs.

University partners undertaking non-economic activity may claim up to 80% of their costs. Other research organisations may claim up to 100% of eligible costs in the application. See section 4.7 for further details.

The expected grant award for an IEEA project will be at least £150,000, and not more than £1million. It is expected that most applications will apply for funding within this range. However, a small number of exceptional projects may be considered for grants smaller or larger than this range.

Further definitions are provided below on research category, company size and collaborative application definitions. **If you are unsure which funding intensity is appropriate, please contact the IEEA team for further guidance.**

## 4.6 Activity types

It is possible for a project to include a mixture of both industrial research and experimental development, with the funding intensity calculated on a pro rata basis. However, as the IEEA is focused on collaborative demonstration of technology leading to commercialisation, **it is expected that the majority of the activity will be experimental development.**

### 4.6.1 Industrial research is defined as:



'The planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services.'

Activities may include:

- the creation of component parts of complex systems;
- the construction of prototypes in a laboratory environment or in an environment with simulated interfaces to existing systems; and,
- pilot lines, when necessary for the industrial research and notably for generic technology validation.

#### **4.6.2 Experimental development is defined as:**

'Acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills with the aim of developing new or improved products, processes or services. This may also include, for example, activities aiming at the conceptual definition, planning and documentation of new products, processes or services.'

Activities undertaken may include prototyping, demonstrating, piloting, testing and validation of new or improved products, processes or services in environments representative of real-life operating conditions where the primary objective is to make further technical improvements on products, processes or services that are not substantially set. This may include the development of a commercially usable prototype or pilot which is not necessarily the final commercial product, and which is too expensive to produce for it to be used only for demonstration and validation purposes.

Experimental development does not include routine or periodic changes made to existing products, production lines, manufacturing processes, services and other operations in progress, even if those changes may represent improvements

## **4.7 Organisation types**

Organisations that can act as collaborating project partners fall into 3 categories:

- businesses
- research organisations
- public sector organisations or charities undertaking research activity

### **4.7.1 Business – organisation size**

A business is defined as an organisation or enterprise engaged in commercial activity. Businesses are categorised as micro, small, medium, or large, and this categorisation determines the levels of grant funding that can be claimed through the competition.

Businesses can determine their size based on the ceilings set out in the table 5 below. The factors determining your business size are:

- staff headcount
- either annual turnover or balance sheet total

Company category	Staff headcount or	Turnover or	Balance sheet total
Large	>=250	>£44m	>£38m
Medium-sized	< 250	≤ £44m	≤ £38m
Small	< 50	≤ £9m	≤ £9m
Micro	< 10	≤ £2m	≤ £2m

**Table 5 – organisation size definitions**

#### 4.7.2 Research organisation

Research organisations which are engaged in economic activity as part of the project will be treated as business enterprises for the purposes of funding.

When referring to research organisations, BEIS uses the following definition:

*“research and knowledge dissemination organisation’ or ‘research organisation’ means an entity (such as universities or research institutes, technology transfer agencies, innovation intermediaries, research-oriented physical or virtual collaborative entities), irrespective of its legal status (organised under public or private law) or way of financing, whose primary goal is to independently conduct fundamental research, industrial research or experimental development or to widely disseminate the results of such activities by way of teaching, publication or knowledge transfer. Where such entity also pursues economic activities, the financing, the costs and the revenues of those economic activities must be accounted for separately. Organisations or enterprises that can exert a decisive influence upon such an entity, for example in the quality of shareholders or members, may not enjoy a preferential access to the results generated by it.”*

Within this competition, this means:

- universities (higher education institutions)
- non-profit research and technology organisations (RTOs), including catapults
- public sector organisations (PSO)
- public sector research establishments (PSRE)
- research council institutes
- research organisations
- charities

This list is not comprehensive and is subject to change and exceptions.

Any research organisations in your project team undertaking non-economic activity as part of the project can share up to 30% of the total eligible costs. If your project team contains more than one research organisation undertaking non-economic activity, this maximum is shared between them.

In relation to the contribution of universities to the project, 80% of their full economic costs can be set out in the application. For other research organisations, up to 100% of full economic costs can be included in the application.

Research organisations should be non-profit distributing to qualify. They should explain how they will disseminate the output of their project research as outlined in the application.

#### **4.7.3 Public sector organisation or charity**

Public sector organisations and charities can work with businesses to achieve innovation through knowledge, skills and resources. These organisations must not take part in any economic activity or gain economic benefit from a project. As part of the application 100% of their costs could be eligible under the following conditions:

- they are undertaking research (this may be experimental, theoretical, or critical investigation work to gain knowledge, skills or understanding vital to the project)
- they meet requirements for dissemination of their project results, and they state in the application how they will do this
- they include their eligible costs for research purposes in the total research organisation involvement
- they are not applying for funding towards costs already being paid by the public purse such as labour and overheads.

## **4.8 Collaborative applications**

To benefit from the Collaborative Application grant funding intensities shown in Table 4, one of the following conditions must be fulfilled:

(i) the project involves effective collaboration between undertakings, among which at least one is medium, small or micro-sized, and no single undertaking bears more than 70% of the total eligible project costs

OR

(ii) the project involves effective collaboration between an undertaking and one or more research and technology organisations, where the latter bears at least 10 % of the total eligible project costs and have the right to publish their own research results, and no single undertaking bears more than 70 % of the total eligible project costs.

OR

(iii) the results of the project are widely disseminated through conferences, publication, open access repositories, or free or open-source software.

## 4.9 Match funding

You will be asked to explain how the project will be funded in addition to the grant requested. The IEEA provides partial grant funding towards the cost of the project. Industry must also contribute funding, either through their own resources or from third parties. These contributions cannot be 'in kind', for example a contribution of goods or service as opposed to money.

Please note, if your application is successful and you accept a grant offer, you will be required to declare that you are not receiving duplicate funding in respect of any activities paid for in full using the grant. It is your responsibility to ensure that the cumulative total of public funding and subsidy intensity you are receiving for the project does not exceed the limits set out under the subsidy control rules for this competition.

Following notification of a successful application, the company's financial viability will be confirmed. Any funding pre-requisites identified will be conditions of the grant. Match funding may come from a company's own resources or external private sector investors but may not include funding attributable to any public authority. Before the grant letter is issued, the applicant will need to demonstrate a credible plan to raise the match funding required for the whole lifetime of the project. This needs to be evidenced - for example by relevant bank statements or letters showing intention to invest into the applicant. If an applicant has not secured match-funding within three months of grant agreement being approved, BEIS will have the right to terminate the grant agreement.

## 4.10 Public funding

When considering levels of grant funding intensity (described above), public funding includes the grant and all other funding from, or which is attributable to, other government departments, UK public bodies, other Governments or Government organisations. Such funding includes grants or other subsidies made available by those bodies or their agents or intermediaries (such as grant funded bodies).

In applying to this Call you must state if you are applying for, or expect to receive, any funding for your project from public authorities (in the UK or elsewhere). Any other public funding will

be cumulated with BEIS funding to ensure that the public funding limit and the aid intensity levels are not exceeded for the project.

Whilst the IEEA team will check the information provided to try and ensure that applicants meet the requirements of the subsidy categories, applicants should establish that they fall within the subsidy control rules before submitting applications. BEIS requires applicants to notify them of any change to situation or circumstance during the project.

If there is a breach of subsidy control funding requirements, for whatever reason, BEIS will require repayment of any grant received, including interest, above that which was due. In this situation, applicants will be required to repay all funding received. It is essential to ensure that the total grant funding for the project from public sources does not exceed the permitted percentages stated for the relevant subsidy category.

## 4.11 Financial accounts

You may be required to provide financial information relating to you 'the applicant company', your parent company and your Group (if applicable). This will be used to conduct due diligence on your application, should you be successful during the assessment process, although further information may be required.

This information should consist of:

- Audited (or unaudited if applicable) accounts for both the applicant and parent company along with the Group (if applicable) for the previous two financial years.
- Management accounts for both the applicant company and parent company for the remainder of the current financial year and forecasts for the following two financial years.

Collaboration partners will also need to provide:

- Audited (or unaudited if applicable) accounts for both the partner and their parent company along with the Group (if applicable) for the previous two financial years.

## 5. Assessment of proposals and criteria

Applications which successfully pass the eligibility checks will be put forward for assessment. This section outlines the criteria against which applications will be competitively assessed, and the assessment process for each strand.

Applications will be assessed against the criteria set out below, which are weighted. The weighting will be added after your assessment has been completed. Applications will need to pass a minimum quality threshold of 60% overall, and also achieve a minimum of 40% for each main criterion. Applications which pass the minimum threshold will be ranked by the highest overall score in order to determine which projects are funded.

The criteria will be as follows:

Main Criteria	Main criteria weightings	Question group – sub criteria	Weighting
<b>6 - Project and technology overview</b>	30%	Technology overview	12.5%
		Proposed project	12.5%
		Project aims and objectives	5%
<b>7 - Potential impact overview</b>	20%	Project impact	10%
		Replication potential and market impact	10%
<b>8 - Commercialisation prospects overview</b>	10%	Business model and intellectual property	5%
		Commercial potential	5%
<b>9 - Project design and deliverability overview</b>	25%	Project management and project plan	10%
		Project team	10%
		Risk management	5%
<b>10 - Project cost/Value for Money</b>	15%	Cost breakdown and justification	5%
		Value for Money	10%

**Table 6: IEEA Phase 4 scoring criteria**

## Project and technology overview

You will be assessed and scored based on the quality and clarity of the answers in describing the technology and the project, along with the strength of the proposed project in meeting the IEEA programme objectives.

### Technology Overview

**Weighting** 12.5%

Marks will be given for clearly describing and providing evidence for how the technology works and its feasibility to deliver energy/resource savings and therefore carbon savings. Clear and evidenced justification is required for the claimed TRL levels at the start and end of the project. Higher marks will be given for innovative technology solutions that overcome real technical barriers to improve upon existing processes.

### Proposed Project

**Weighting** 12.5%

Marks will be given for clearly describing any activities planned to further develop the technology, along with how the technology will be implemented on site within the project. Higher marks will be awarded where the technology will be fully integrated into the site processes, and where the project will clearly demonstrate the benefits of the technology for an industrial site, and where assessors are confident that the practical implementation is feasible.

### Project aims and objectives

**Weighting** 5%

You should lay out clearly what results would represent success for the project, and how these will be measured and reported. A strong answer will contain ambitious yet realistic aims, including both efficiency targets and other project goals.

## Potential impact overview

This section is assessing the potential energy and/or resource savings from the project and in the wider industrial sector. You will be scored based on the quality and credibility of your calculations and assumptions, as well as the likelihood and scale of impact that is expected to be achieved.

### Project impact

**Weighting** 10%

A clear description of how savings are achieved should be provided, along with calculations to quantify the scale of savings. Marks will be awarded where the stated energy/resource and carbon savings are credible with strong justification and evidence to support assumptions and calculations used. Higher marks will be awarded where the technology and project are likely to deliver impactful energy and/or resource (and hence carbon) savings relative to current site processes.

#### Replication potential and market impact

##### **Weighting 10%**

Marks will be awarded for a realistic assessment of the type and scale of potential markets for the technology, and credible forecast of future uptake. Assessors will be looking for evidenced assumptions and accurate calculations. Higher marks will be awarded for technologies with wide in-sector and cross-sector replication potential, where the technology is likely to deliver impactful industry energy and/or resource (and hence carbon) savings relative to current sector processes and other competing solutions. Higher scoring proposals will demonstrate that the technology has a clear alignment with the UK's Net-Zero by 2050 commitment.

Higher marks will be given where a clear and strong argument is given for replicability with good consideration of roll out to other sectors.

#### **Commercialisation prospects overview**

This section is to ensure that there is strong potential for the organisations involved in the project to commercialise the technology, leading to widespread replication in the UK and potentially beyond.

#### Business model and intellectual property

##### **Weighting 5%**

Marks will be awarded where a credible, realistic business model is proposed for further developing and rolling out the technology. Higher marks will be awarded for credible scale up plans. A clear description of the current and future IP ownership is expected, whether this relates to patents or knowhow and trade secrets. Higher marks will be awarded where it is clear that the IP and knowhow development and ownership will facilitate and incentivise wide replication of the technology.

#### Commercial potential

##### **Weighting 5%**

Marks will be awarded for realistic plans for commercial deployment in the sectors identified for future replication, and the likelihood of widespread replication being achieved. Consideration will be given to the expected return of investment for future deployments (and



how realistic and attractive this is), how learnings from the project will be disseminated, and the strength of strategies for customer acquisition.

Higher marks will be given where a clear and strong plan for commercialisation is provided with responsibilities identified for the consortium partners. Evidence of previous experience of successfully commercialising innovative technology will be an advantage.

## **Project design and deliverability overview**

This section will assess the design of the project and how feasible it is to implement. It will also examine the strength and experience of the consortium and project team.

### Project management and project plan

#### **Weighting 10%**

Marks will be awarded for providing a detailed feasible project plan with realistic timeline (shown on a Gantt chart) and the detail of tasks and deliverables within identified work packages. Good answers will highlight any interdependencies between tasks, and will lay out a clear project management approach which gives confidence in the likelihood of successful project delivery. Higher marks will be awarded where Assessors are convinced the project has high likelihood of successful delivery.

### Project team

#### **Weighting 10%**

Applicants should provide a clear project team organogram, and describe the roles and experience of key team members. Marks will be awarded for the appropriateness of the project team's skills and experience, their aligned responsibilities, ability to manage the project and suitability for their role on the project. Higher marks will be awarded for well-defined roles with strong evidence that the project team will work well together, and can successfully manage the project. Relevant experience within the partner companies of implementing innovative technology in an industrial setting will be an advantage, particularly where this exists within the core project team.

### Risk Management

#### **Weighting 5%**

Applicants should provide a robust risk management plan including risk register with key risks described and their associated mitigation plan. The risks should include a good cross section of technical, management and HSE risks. Higher marks will be awarded where the mitigations represent genuine thought-through strategies to bring down the starting risk level.

## **Project cost/Value for Money**

### Cost breakdown and justification

## **Weighting 5%**

For a good answer, we are looking to see that an applicant has a clear grasp of the costs of the project. You should break down the costs clearly by partner, cost type (e.g. labour, materials etc.) and work package, including a brief but clear description for any significant cost items, particularly Capital, Sub-contract and Other costs. Costs described and funding levels requested should be consistent with the rules laid out in the competition Guidance Notes.

You are asked to include justification for your project costs and say how you have minimised them. You will be scored based on the strength of the evidence and justification for the stated costs and the need for the amount of grant support requested. The balance of costs and grants between partners and use of subcontractors should be justified and reasonable for the proposed project.

### Value for Money

## **Weighting 10%**

There is no specific question for this criterion. This criterion is based on answers provided throughout the application. Aspects that will be considered include:

Is the overall programme of work consistent with the activities required to demonstrate the technology?

Do the costs associated with each activity represent good value, and have efforts been made to keep these to a minimum?

What is the potential impact of the project, and will the grant represent value for the public purse, given the impact expected to be achieved? Higher marks will be awarded to applications where the project costs are entirely appropriate and represent excellent value for money.

## **5.1 Submitting your application**

The full application for the competition must be submitted online by the deadline at 3pm on Monday 19 September 2022. The competition will be closed for submissions after this time and late submissions will not be accepted.

All application documents must be submitted via the online application form. In the form there are opportunities to upload relevant supporting documents, and it is clearly stated which supporting information must be uploaded. There is a checklist at the end of the application form to confirm supporting information has been provided.

## 6. After Submission

### 6.1 Eligibility checks

We will first undertake an eligibility check to ensure your proposal meets all the relevant eligibility criteria as set out in this guidance and the technology / project is in scope.

At any stage in the process BEIS or its Delivery Partners may, at their sole discretion contact applicants to clarify any applications (or parts thereof) which are unclear, contain genuine mistakes, gaps, omissions or in relation to ambiguous responses to questions. In such instances the applicant will be given a deadline by which responses must be received.

Projects may be asked to take part in a phone or video call with assessors contracted and acting on BEIS' behalf. This level of scrutiny is to ensure BEIS is funding projects in line with the ambitions of IEEA scheme. The call will enable the assessors to gain a clearer understanding of the information provided in the application form. It will take place before the IEEA Assessment Panel meets to review feedback from assessors.

However, BEIS is not under any obligation to do this. Where any application is not complete or is inconsistent, vague, or ambiguous, the assessors may consider the application on the basis of the interpretation or meaning that is the most adverse, and / or consider the application as not compliant with the rules of the fund and reject / disqualify it.

### 6.2 Assessment and award process

Applications which are deemed eligible and are in scope will proceed to the assessment stage, where each application will be scored on its individual merit. Each group of questions (sub-criteria: see table 6 above) will be scored independently and given a score from 1 – 5 based on the scoring guidance shown in Table 7 below. Projects which pass the minimum overall threshold of 60% (and also achieve a minimum of 40% for each separate main criterion) will be ranked and considered by the IEEA Assessment Panel, who have the discretion to recommend funding.

Each application is marked by three assessors against the same set of scoring criteria. All applications are assessed on individual merit. Each assessor will submit their scores with comments for each application. Scores are then reviewed and moderated. This will inform the application feedback.

Projects which are deemed successful at this assessment stage will require to successfully pass all due diligence checks and accept the terms and conditions of BEIS's grant offer letter and Grant Funding Agreement before a final grant can be made.

The assessment panel may raise further clarification questions which will need to be addressed to BEIS satisfaction before a Grant Funding Agreement can be signed.

Furthermore, the assessment panel may stipulate conditions to be included in the Grant Funding Agreement.

Score	Description
1	There is little to no evidence that the question has been satisfactorily answered, with major omissions evident. The response does not give confidence that the project will result in a satisfactory outcome.
2	The questions has been satisfactorily answered in part however, notable omissions are evident and considerable clarification is needed Supporting evidence is lacking and there is uncertainty whether the project will result in a satisfactory outcome.
3	The question has been satisfactorily addressed, with reasonable evidence provided but some omissions are evident and further clarification is needed. There is a reasonable expectation that the answer provided can lead to satisfactory project outcomes.
4	The question has been well addressed with only minor omissions or lack of clarity and good evidence provided. There is a good probability that that the answer provided will lead to a strong project outcome.
5	Excellent: The question has been addressed clearly and concisely in all aspects with strong evidence provided. Very minor clarifications may be needed however, the answer provides confidence that a strong project outcome is likely to be achieved.

**Table 7– scoring criteria guidance**

### 6.3 Assessor confidentiality and potential conflicts of interest

Assessors may comprise BEIS employees and IEEA Delivery Partners contracted to BEIS. Assessors will be briefed to undertake assessments in accordance with IEEA criteria.

All assessors are under a duty of confidentiality through their participation in the IEEA, and must declare any potential conflicts of interest. They will treat applications in the strictest of confidence and adhere to relevant data protection rules. BEIS preserves the anonymity of the assessors and their names will not be provided under the Freedom of Information Act 2000.

## 6.4 Notification and feedback

You will be notified by email from the IEEA delivery team as to whether your application has been selected for funding.

This notification does not guarantee funding. Any funding will remain subject to successful completion of due diligence checks to BEIS' satisfaction and your agreement to our proposed form of Grant Funding Agreement, and providing satisfactory responses to any further clarifications requested by the Assessment Panel. If you are the lead applicant you should ensure any project partners are informed of the initial decision.

Assessor feedback will be provided by email to applicants who are not successful. This can take up to four weeks after you are notified of the initial decision. Feedback is derived from comments provided by the assessors and is intended to be constructive. There is no right of appeal against the feedback provided and we will not overturn the feedback should you disagree with a scientific or technical decision that the assessment panel makes regarding your application. It is important that you make any points you wish to make clearly and concisely in the application form.

You may wish to address the assessor feedback in a resubmitted application for any future rounds of the IEEA, should you be eligible. Please note that resubmissions may be reviewed by different assessors who will have no prior knowledge of the original application or its feedback. However, it is likely that a re-submitted proposal will not be successful unless changes have been made to the original application.

## 6.5 Due diligence

Applications that are successful at the assessment stage will need to undergo financial and organisational due diligence checks, which will be carried out on behalf of BEIS, before any grant funding can be confirmed. You may be asked to provide further details to enable the necessary checks to be completed. Applicants must be willing to dedicate sufficient resource to assist in completing this process.

The purpose of these due diligence checks includes, but is not limited to, confirmation of:

- The cost breakdown and final amount of the award which will be subject to the evidence you provide and will be the minimum necessary for the project to proceed.
- The support being compatible with relevant subsidy control rules and regulations that apply to your project.
- Your eligible project costs meeting our funding criteria.
- The financial viability of all partner organisations.
- The satisfactory financial standing of you, the applying organisation, and of your parent organisation (if you have one) and their ability to finance the project.

We reserve the right to reject your application if the requirements of the due diligence checks are not met or if the checks identify any discrepancies with the information provided that are deemed unacceptable. We may also decide against awarding you funding, or suspend grant payments, if we deem that you have failed to meet the requirements of a funding agreement for a current or previous public funding award.

## 6.6 Successful applicants: grant offer letter

If the results of the due diligence process are satisfactory, a Grant Offer Letter and Grant Funding Agreement will be issued.

The value of grant funding will be agreed through the signing of these documents. These should be signed and returned to BEIS within the timeframe set out in the Grant Offer Letter. The applicant will need to ensure compliance with conditions contained in the Grant Offer Letter (which shall be provided to the successful applicant along with the finalised Grant Funding Agreement) to receive grant funding.

**The Grant Offer Letter will include an annex which lays out the planned milestones, grant claim amounts, timetable for claims, and required evidence for each milestone. This will be agreed with each successful participant, consistent with the work programme and costs laid out in the project proposal.**

An example draft of the Grant Funding Agreement can be found on the IEEA website competition page. Please note that this document is an example and provided for information purposes only. The final document that successful applicants will be required to sign may differ from this example, including but not limited to, provisions relevant to individual projects.

Successful applicants will be given the opportunity to discuss the Grant Offer Letter with the IEEA team to explain the conditions of the letter and respond to any queries which the applicant may have at this stage.

If an applicant refuses to agree to the terms of the Grant Offer Letter or Grant Funding Agreement, or unduly delays the signing and returning of these documents, BEIS may withdraw the grant offer letter and/or grant funding agreement. The application will be deemed to have been rejected/disqualified from the process.

BEIS will not be responsible for, nor make any commitment in respect of, costs incurred before the signature of any Grant Funding Agreement.

If you are collaborating with other project partners you will be asked to provide a collaboration agreement. BEIS reserves the right to review the collaboration agreement before issuing the Grant Offer Letter, and will in any case not approve the first payment milestone before an acceptable collaboration agreement has been provided.

The collaboration agreement should as a minimum reference the terms of the GOL and GFA, specify the work division, intellectual property arrangements and a dispute rectification process.

## 6.7 Project set-up

You will be assigned a Project Coordinator at the start of your project. Your coordinator will help to make sure your project complies with our terms and conditions. They are not responsible for project management, although may be able to provide guidance with this. More details will be provided if your application is successful.

As part of project set-up, all projects will be required to produce a monitoring and verification (M&V) plan and benefits plan on the basis of guidelines provided and agreed by the IEEA team. Further detail is included below.

## 6.8 Compliance monitoring (until project completion)

Throughout your project you will need to provide evidence of ongoing compliance with the terms and conditions of your grant offer, in order to receive payment. This will be done primarily through regular review meetings with your project coordinator and may involve site visits by BEIS and the IEEA Delivery Partners.

## 6.9 Claims and auditing

Costs are only eligible if they are incurred and paid by you between the project start and end dates. Claims may be subject to an independent audit. Claims need to be supported with either a Directors Declaration, or in some cases a Reasonable Assurance Report prepared by an independent auditor at your own expense.

Payments against the grant should be claimed against the delivery of milestones and progress reporting agreed in your Grant Funding Agreement. You must provide evidence, as documented in Annex 2 of the Grant Funding Agreement, to support each claim made against the grant.

## 6.10 Longer term KPI and benefits reporting

The Grant Recipient will be required to collaborate in reasonable evaluation activities, including, but not limited to, completing questionnaires or surveys, participating in interviews and workshops, communicating the learnings from the project, providing costs/sales data and

reporting on Key Performance Indicators (KPIs) used by the Net Zero Innovation Portfolio (NZIP), for up to three years after the completion of the funded project.

These KPIs will be agreed with BEIS from the following, or a similar updated, list:

**Table 7** BEIS NZIP KPIs

<b>KPI 4</b>	Number of active Business Relationships and Collaborations supported (Formal and Informal, Overall and New)
<b>KPI 5</b>	Advancement of Low Carbon Projects – Technology Readiness Level
<b>KPI 6ii</b>	Follow-on Funding to take project further forward
<b>KPI 7ii A &amp; 7ii B</b>	Increased Energy Efficiency/ Reduced Energy Demand
	Potential Increased Energy Efficiency up to 2032
<b>KPI 8</b>	Number of products (and services) sold in UK and Internationally
<b>KPI 9</b>	Potential Reduction in Carbon Emission Savings of Project up to 2032

Reporting of Benefits will be required, based on the aims and objectives, and performance criteria proposed in the application form, to provide baseline measures and achieved measures for the identified benefits that the project is aiming to realise. Using the identified measures, the Grant Recipient is required to collaborate with the IEEA delivery team to complete a benefits plan. The benefits plan will be used to track and report on benefits at quarterly project review meetings.

Applicants may be requested to participate in research to help BEIS evaluate the performance or delivery of the IEEA. Successful applicants will be required to participate and are expected to constructively engage with evaluation activity, as this is an important for BEIS to deliver effective projects now and in the future. Evaluation research may include participating in a small number of interviews to inform evaluation reports, completing surveys or allowing the project to be used for case studies.

### 6.10.1 Social Value

BEIS are committed to promoting social value in the delivery of central government contracts.



The Grant Recipient will be encouraged, from the initial set-up stage, to ensure that the project and project outcomes deliver on the Government Policy Outcome of “Create new business, new jobs and new skills”, specifically how you will support educational attainment relevant to the project, including training schemes that address skills gaps and result in recognised qualifications.

Support will be provided through the acceleration support programme to consider how to increase the Social Value impact of IEEA projects. Social value indicators may be monitored throughout the project as one measure of impact of the overall IEEA programme.

## 7. Metering and monitoring requirements

The IEEA is committed to monitoring and evaluation of the benefits of the programme. In order to achieve this, successful projects will be required to produce a monitoring and verification plan (M&V Plan) and supply data in line with that plan during the course of the demonstrator project.

This plan must include:

- a methodology for calculating the current baseline energy consumption of the process via an appropriate measurable metric (e.g. natural gas consumption per tonne of product produced or MWh of electricity used in the process per year);

And/or

- a methodology for calculating the current baseline resource consumption (e.g. tonnes raw material or water used per tonne of product)

And/or

- a methodology for calculating the current baseline waste production/treatment (e.g. tonnes waste produced per tonne of product)

And:

- how you will monitor performance indicators after the intervention, including but not limited to actual energy, emissions and cost savings and savings in raw materials or waste processing;
- the methodologies you will use to verify the savings, including how changes in performance indicator data due to the IEEA will be isolated from other non-IEEA changes to the production process that may occur during the monitoring period;

- who will be responsible for measuring and verifying savings and on what timelines the data will be provided to the IEEA project coordinator.

You will need to provide an outline M&V Plan as part of your project kick-off meeting on the basis of a set of guidelines provided by the IEEA team. This must include measurement of baseline data against which the project performance will be measured. This plan will involve monitoring of the performance of the intervention using your suggested methodology, which will be verified by the IEEA delivery partners. Your final plan is subject to approval by the IEEA technical team as it is imperative that it is fit for purpose.

The M&V plan must clearly identify how the data required by your methodology will be measured and collected, including the specific meters and their locations within the industrial process which will be used. You will need to measure and provide all data specified by your methodology to the IEEA team, in line with requirements laid out in your milestone plan within the Grant Funding Agreement.

As part of your application, you must confirm that you are able to designate sufficient resources to benefits monitoring and verification.

## 7.1 Metering requirements

In your M&V plan you will need to outline what metering equipment you have in place or plan to install as part of your project, to meet your monitoring obligations as set out above. The type of equipment will depend on the technology you are using and the associated information that you are required to provide.

If you do not have sufficient metering equipment already, you will need to install appropriate equipment at point-of-use (be it a production line, process, installation, or site which is benefitting from the intervention). Ideally the equipment should remain the same between the baseline period and the monitoring period.

You will need to outline any metering requirements as part of your application. Metering equipment is considered an eligible cost and you may therefore include it in your application for grant funding. However, any additional metering requirements will need to be justified in your application, with reference to currently installed systems and why these are not sufficient.

BEIS will not accept any liability for impacts on the normal operations of the site where additional metering is required to be installed.

## 8. Acceleration support

The scheme will provide acceleration support to successful applicants. This support will focus on helping the applicant to prepare commercial plans and actions that will increase the chance of successfully bringing the innovation to market or reduce the time to market.

The starting point for acceleration support is to consider the current stage of commercial preparation and identify (with the applicant) critical next steps, business strengths and gaps, benchmarked for the stage of the individual business across all key capabilities namely:

- Market understanding
- Business development and sale
- Strategy and Business Planning
- Technology
- Product
- Supply chain and operations
- Team
- Funding and investment readiness

Specialist acceleration managers will be assigned to support the company in the development of the appropriate knowledge and skills. All proposals that are awarded funding under this scheme will undergo assessment for acceleration support requirements.

BEIS wish to ensure that grant recipients achieve maximum commercial impact from the grant. Therefore, receiving the identified acceleration support is a condition of the grant award and grant recipients are required to co-operate with both the Acceleration Needs Assessment and the Acceleration Manager who will oversee the delivery of the acceleration support. Any failure or refusal to support this element of the programme may result in termination of the grant.

## 9. Publicity and knowledge sharing

BEIS or the IEEA delivery partners may wish to publicise the results of the competition which could include engagement with media. At the end of the application and assessment process, BEIS or the IEEA delivery partners may issue a press release or publish a notice on its website. These may, for example, outline the result of the competition and describe the projects to be funded. As part of promoting the IEEA, if you are successful, you will be required to provide a short overview of your project, including photographs and quotations. The application form requests a project summary which the applicant agrees to be published if awarded funding.

Applicants are not to publish any outcome of this competition without BEIS' express permission. BEIS reserves the right to disqualify or reject any applicant that breaches this requirement. If you have any queries about public relations or media coverage email [ieea@carbontrust.com](mailto:ieea@carbontrust.com)

If you are successful, you will be asked to take part in knowledge sharing during your project. This will include producing a project profile describing the project for publication on the IEEA website, and may include being asked to discuss the project at industry events. At project completion, you must consent to produce a case study for knowledge sharing. It will be made publicly available so should not include any commercially sensitive information.

Project participants should seek approval from the IEEA team before undertaking communications and PR activity relating to the project, and before publishing details of the project progress and results.

## 10. Data sharing policy

Please read our Privacy Policy so you are aware of the ways in which we will use and store your personal data. When you apply, you will be asked to confirm that you have read and agreed to the policy.

All other data provided as part of your application, and (for successful projects only) generated throughout the assessment, project delivery, or monitoring period, may be shared between BEIS and the IEEA Delivery partners, and with contractors, other government departments and/or the devolved administrations for purposes including, but not limited to, assessment, monitoring, research and evaluation. This data may also be linked to other datasets and/or used to publish anonymised and/or aggregated statistics. BEIS may conduct research itself or share this data with appropriately qualified evaluation subcontractors.

Where any request is made to BEIS under the Freedom of Information Act 2000 ("FOIA") for the release of information relating to any project or applicant, which would otherwise be reasonably regarded as confidential information, then BEIS will notify you of the request as soon as BEIS become aware of it. An applicant must acknowledge that any lists or schedules provided by it outlining information it deems confidential or commercially sensitive are of indicative value only and that BEIS may nevertheless be obliged to disclose information which the applicant considers confidential.

# 11. Frequently asked questions

A list of frequently asked questions can be found on the [IEEA website](#).

# Appendices

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## 12. Appendix 1 - Completing the Application Finance Form

This section aims to guide you through the completion of the finance form which must be uploaded within the online application.

Applicants are required to complete the Finance Form (Excel workbook) in order to demonstrate that an appropriate and accurate cost build up has been developed and to provide transparency that an appropriate level of funding is being requested. As such, separate costing for each project party must be provided (within the same workbook) i.e. the Technology Developer, Industrial Partner, and additional key partner as appropriate e.g. consortium members. If there are more than three members in your consortium, please contact the IEEA for an amended template.

The Finance Workbook has been developed to standardise collection of information in a format to use during the programme, if any minor changes are required e.g. text space, additional rows for data entry lines, etc; applicants are encouraged to contact the IEEA.

### **Completing the Form**

Table 8 below provides a high-level overview of the project finance form and the requirements of each section. Further guidance can be obtained from the IEEA Delivery Partners at [ieea@carbontrust.com](mailto:ieea@carbontrust.com).

**Table 8 – guidance for completing project finance form**

Section	Overview and Requirements
<p><b>1. Summary</b></p>	<p>The main purpose of this sheet is to summarise the details entered in later sheets. The inputs required for this sheet may be revisited and completed after completing sheets 3-8.</p> <p>The main requirement for this sheet is for applicants to enter:</p> <ul style="list-style-type: none"> <li>• <i>Date</i> – Date of application submission</li> <li>• <i>Project Title</i> – As per Application Form</li> <li>• <i>Lead Contact</i> – Name, organisation, contact details</li> <li>• <i>Names/Titles of organisation</i> – Organisation names for the Technology Developer, Industrial Partner and Additional Partner according to their involvement in the project</li> <li>• <i>Proposed BEIS Grant Funding</i> (as %, £ value is calculated) and comment – This is the amount of funding that you are requesting from the IEEA (BEIS) as a percentage of the total eligible costs. Separate values for each partner organisation must be entered. A brief explanation of why you have selected this funding percentage should be included (e.g. “small company, experimental development, collaborative project”)</li> </ul> <p><b>Note:</b> This should be reviewed in line with the subsidy control guidance elsewhere in this guidance notes i.e. to select appropriate funding intensities.</p> <ul style="list-style-type: none"> <li>• <i>Source and Nature of Organisation’s Contribution</i> – For each organisation please state how they are funding their remaining cost burden and the sources of this funding e.g. ‘cash raised from investors’, ‘bank-loans’, etc.</li> </ul> <p><b>Please note:</b> <i>Additional Partner details are only to be completed if required. Otherwise all ‘Additional Partner’ sections can be left blank throughout the workbook.</i></p>
<p><b>2. Work Package Costing</b></p>	<p>The purpose of this sheet is to collate costs and funding for each Work Package. Applicants will have defined and explained the constituents of their work packages in the Application Form.</p> <p>The main inputs required from applicants for this section are:</p> <p><b>Work Package Costs and Funding</b></p> <ul style="list-style-type: none"> <li>• <i>Title or brief description of each Work Package</i> –</li> </ul>



	<p>Enter the title of each work package, to match the Work packages listed and uploaded in the Project design and deliverability section of the Application Form</p> <p>Total and Subtotal cost values by work package and job role will be automatically calculated from data entered on Tabs 3-8.</p>
<p><b>3. Labour &amp; Overhead Costs</b></p>	<p>This sheet is to detail the expected labour and associated overhead costs for project team personnel required to complete the project. Sub-contractors and 3<sup>rd</sup> party suppliers should be noted in section 6 (subcontractor costs), and not be included here. Applicants should input data to the following fields for each of:</p> <p>1) Technology Developer 2) Industrial Partner 3) Additional Partner (if required);</p> <p><u>Working Year</u></p> <ul style="list-style-type: none"> <li>• <i>Number of Bank Holidays in the year</i> – Enter the number of bank holiday days in the working year that would apply to the site location country.</li> <li>• <i>Average Holiday Entitlement per annum</i> – Enter the average holiday entitlement in days for employees of each organisation.</li> </ul> <p><u>Labour Costs</u></p> <ul style="list-style-type: none"> <li>• <i>Work Package</i> – Select the appropriate “Work Package” from the drop-down list.</li> <li>• <i>Position, grade or role within the project</i> – State the position, grade or role of the personnel to be costed for under this line. Examples could include; project manager, senior engineer, demonstration plant operative.</li> <li>• <i>Rate (£/day)</i> – Enter the direct cost rate per day in £GBP for the personnel at this position/grade. This rate must be the direct cost of employment i.e. salary plus employer costs (e.g. pensions, National Insurance) only. It should not include overheads or profit, and is not a consultancy or charge out rate.</li> <li>• <i>Total days spent by staff at this grade</i> – Enter the total days each person at this grade/position will spend for the identified Work Package e.g. if 2 x junior engineers are required for 100 days each for WP1 then 200 (=2 x 100) days would be input to this field.</li> <li>• <i>Total project labour costs (£)</i> – This field is automatically calculated and should not be manually overridden by applicants</li> <li>• <i>Overhead rate as % of salary</i> – Enter the relevant calculated</li> </ul>

	<p>overhead rate.</p> <p><u>Overhead Calculations</u></p> <ul style="list-style-type: none"> <li>Overheads are additional indirectly incurred costs that are necessarily incurred by the applicant in undertaking the work. BEIS normally calculate overheads as a fixed percentage of all direct labour costs at 20%, but will consider overhead rates in excess of 20% where a strong justification has been provided. The overhead rate is agreed with BEIS before the Grant Offer Letter is issued and cannot be changed during the work.</li> <li>If a rate of &gt;20% is claimed, applicants should provide supporting data and calculations which explain how the overhead rate is derived, and how the overheads relate to the delivery of this project.</li> <li>Universities and RTOs should provide a calculation to show how their overheads have been determined or alternatively a statement from the university declaring the agreed overhead rate used for Government grant funded work (as used, for example, for Innovate UK funding applications made using the Je-S system).</li> </ul> <p><b>Important Note:</b> Organisations will need to retain evidence for all expenditure e.g. timesheets, purchase orders and invoices, etc.</p>
<p><b>4. Materials &amp; Consumables Costs</b></p>	<p>This sheet should detail the expected cost of materials and consumables to be consumed during the project. Items under £1,000 value need not be reported individually - instead they should be appropriately grouped and reported accordingly.</p> <p>Applicants should input data into the following fields:</p> <ul style="list-style-type: none"> <li><i>Work Package</i> – Select the appropriate “Work Package” from the drop-down list.</li> <li><i>Item</i> – State and provide a brief description of the material or consumable to be costed for under this line. Example items could include but are not limited to; replacement parts, cleaning chemicals, equipment oils/lubricants, non-specialist IT equipment, etc.</li> <li><i>Quantity</i> – The total number of these items required under this line. If the same item is utilised across multiple work packs, it is recommended that the full cost is attributed to one work package only. Data should be input as a numerical value.</li> <li><i>Cost per unit</i> – The cost in £GBP of one unit of the noted item.</li> </ul>

	Items with significant cost (e.g. > £20k) should include a brief description of what they are, and why necessary if that is not obvious.
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<p><b>5. Capital Equipment Costs</b></p>	<p>This sheet is to detail the expected cost of capital items/equipment. Packaged plant/ turn-key solutions can be reported as one line, with a brief description of what is included. Any items under £1,000 value should not be reported individually - instead they should be appropriately grouped and reported accordingly.</p> <p>Applicants should input data into the following fields:</p> <ul style="list-style-type: none"> <li>• <i>Work Package</i> – Select the appropriate “Work Package” from the drop-down list.</li> <li>• <i>Capital equipment description and use within the project</i> – State the capital item to be acquired and its purpose within the project. For example; concrete plinths to support the installation, large pumps to drive the recycled water recirculation, centrifuge to separate out the waste solids etc.</li> <li>• <i>New purchase or existing item</i> – Select if this item is a new purchase or an existing item.</li> <li>• <i>Depreciation Period (Months)</i> – Enter the period over which this item will be or is currently depreciated. The data input must be a numerical value.</li> <li>• <i>NPV or item at project start or purchase price</i> – For new equipment please enter the price of the item excluding VAT in £GBP. For existing equipment please estimate the value of the item at the start of the project in £GBP.</li> <li>• <i>Residual value at project end</i> – Estimate the NPV of the item at the end of the project in £GBP</li> <li>• <i>Utilisation</i> – Estimate the proportion of time this item is used in the project. For example, if the item is used for 100hrs by the project and 100hrs for other activities the utilisation is 50% (=100/(100+100)).</li> </ul> <p>Items with significant cost (e.g. &gt; £50k) should include a brief description of what they are, and why necessary if that is not obvious.</p>
<p><b>6. Sub-Contractor Costs</b></p>	<p>This sheet is to detail expected cost of sub-contractors or 3<sup>rd</sup> party service providers. This is to capture costs of project work (services, labour, but not manufacture of commodities) delivered by companies which are not a part of the formal project consortium. Please provide justification for using the sub-contractors listed.</p> <p>You will be expected to justify the amount of sub-contract funding (if any) within the expected spend of the project. You should explain the necessity for this spend as opposed to the addition of collaboration partners within the project proposal.</p>

	<p>Applicants should input data into the following fields:</p> <ul style="list-style-type: none"> <li>• <i>Work Package</i> – Select the appropriate “Work Package” from the drop-down list.</li> <li>• <i>Company to whom sub-contract will be made</i> – Name the organisation that is intended to be used as a sub-contractor to the project.</li> <li>• <i>Role in the project and/or description of work to be carried out</i> – Briefly describe the role of the sub-contractor and the work/services they will be completing as part of the contract</li> <li>• <i>Cost (£)</i> – Provide an estimate of the total cost in £GBP of the sub-contract</li> </ul>
<p><b>7. Travel and Subsistence Costs</b></p>	<p>This sheet is to detail expected costs for travel and subsistence incurred through project activities. Sub-contractor travel costs should be included in Section 6 - and should not be reported here.</p> <p>Applicants should input data into the following fields:</p> <ul style="list-style-type: none"> <li>• <i>Work Package</i> – Select the appropriate “Work Package” from the drop-down list.</li> <li>• <i>Description of subsistence cost or purpose of journey</i> – Provide a brief description of the nature and need for the travel or subsistence expenditure.</li> <li>• <i>Frequency</i> – Estimate the number of times this expenditure will be repeated during the project.</li> <li>• <i>Cost per journey</i> – Estimate the costs incurred each time this journey is made.</li> </ul> <p>Where total costs are material (e.g. &gt;£10k) then a brief explanation should be included as to why they are necessary e.g. overnight hotel costs for 2 engineers as equipment requires 24:7 monitoring.</p>
<p><b>8. Other Costs</b></p>	<p>This sheet is to accommodate any remaining costs which applicants do not consider appropriate to place under the main cost sections.</p> <p>Applicants must state the Work Package(s) these costs are associated with, a <b>clear description and justification of the costs</b>, and the cost value in £GBP.</p>

## 13. Appendix 2 – Eligible costs

BEIS will only provide the grant to cover eligible costs incurred and defrayed in the period between acceptance of the BEIS grant and the deadline specified in the grant offer letter for completion of the project.

The definition of eligible costs includes the applicant's own costs, eligible costs incurred by consortium members and eligible costs incurred by companies connected to any of these. The cost of work contracted to connected companies, to consortium members or to companies connected to consortium members should be on the basis of eligible costs.

Costs must be denominated in GB pounds. Applicants should indicate where conversion has been made to GB pounds from other currencies and indicate the rate and assumptions used.

### List of Eligible Costs

Eligible costs are defined as the following:

- Personnel costs: researchers, technicians and other supporting staff to the extent employed on the project;
- Costs of instruments and equipment to the extent and for the period used for the project. Where such instruments and equipment are not used for their full life for the project, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible;
- Costs for of buildings and land, to the extent and for the duration period used for the project. With regard to buildings, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible. For land, costs of commercial transfer or actually incurred capital costs are eligible;
- Costs of contractual research, knowledge and patents bought or licensed from outside sources at arm's length conditions, as well as costs of consultancy and equivalent services used exclusively for the project; and,
- Additional overheads and other operating expenses, including costs of materials, supplies and similar products, incurred directly as a result of the project.

### List of Ineligible Costs

Under no circumstances can the grant be claimed or used:

- For activities of a political or exclusively religious nature;

- In respect of costs reimbursed or to be reimbursed by funding from other public authorities or from the private sector;
- In connection with the receipt of contributions in kind (a contribution in goods or services as opposed to money);
- To cover interest payments (including service charge payments for finance leases);
- For the giving of gifts to individuals, other than promotional items with a value no more than £10 a year to any one individual;
- For entertaining (entertaining for this purpose means anything that would be a taxable benefit to the person being entertained, according to current UK tax regulations);
- To pay statutory fines, criminal fines or penalties; or,
- In respect of VAT that you are able to claim from HM Revenue and Customs.

Only actual costs incurred are eligible to claim for. You may not include any element of profit in claims.

### **Staff Costs**

BEIS would not normally expect to see contractors in key posts, e.g. CEO, FD, etc included in applications. Exceptionally, where BEIS is willing to provide a grant which covers the cost of staff in key posts, the day rate attributed to each member of key staff within the project must be agreed with BEIS at the outset and cannot be varied without written agreement.

**Note that staff costs are the direct cost of employing staff (i.e salary, pension and national insurance – excluding bonuses).**

Staff costs should not include overheads or contributions to central organisational costs, or profit.

Staff cost rates are not consultancy day rates.

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