

1.1. Energy Usage Streamlined Route Guidance

Foreword

1.2. It is a defining feature of the United Kingdom's new subsidy control regime that **public authorities can and should design their own subsidies and subsidy schemes**. This means they can give subsidies in the form and amount that will best achieve the desired outcome. In designing these subsidies, public authorities should follow a simple process (set out in the four-step assessment framework)¹ for assessing the proposed subsidy or scheme against the subsidy control principles. The assessment should be done in a way that is proportionate to the subsidy or scheme's risk of distorting competition or investment within the United Kingdom, or trade or investment between the United Kingdom and its international partners.

A proportionate assessment should not be burdensome. It will use the same kinds of analysis and evidence a public authority will need to make its business case for spending public money. Nevertheless, **there are some areas in which it is appropriate to make giving subsidies even easier**, and where the compliance burden can be reduced even further.

The government has therefore made available Streamlined Routes (also known as streamlined subsidy schemes under the Act and referred to as Schemes in the route document). These allow public authorities to give certain types of subsidy without having to do their own assessments against the principles. The government has set clear terms and conditions for the use of the Streamlined Routes. Public authorities must follow these terms and conditions when using Streamlined Routes. As long as individual subsidies are given in a way that meets those terms and conditions, they cannot be challenged on subsidy control grounds.

¹ <https://www.gov.uk/government/publications/subsidy-control-principles-assessment-guides>

Although there are topical similarities, **the Streamlined Routes do not function as and are not intended to be replacements for the General Block Exemption Regulation** under the EU State aid system. Streamlined Routes are intended to help with the award of the lowest-risk and most frequently awarded subsidies. The UK regime has far fewer barriers to giving financial assistance outside the scope of Streamlined Routes than there were to giving aid outside the block exemptions under the EU system. The UK subsidy control regime permits the giving of subsidies in line with the statutory principles, whereas the EU system prohibited the giving of any subsidy unless pre-approved by the European Commission or in scope of a block exemption.

Where public authorities want to give subsidies that are not accommodated by Streamlined Routes, they should design their own subsidies and schemes. Except for the largest and most potentially distortive awards (which must be referred to the Subsidy Advice Unit), a public authority can proceed to award a subsidy they have designed as soon as they are of the view that the subsidy is consistent with the principles and that it does not breach the prohibitions in the Act. Public authorities looking to design their own subsidies can refer to the extensive statutory guidance and 'quick guide' documents. They can also seek support and guidance on specific cases from the DBT subsidy control team or the relevant teams in each of the devolved governments.

The three Streamlined Routes cover areas where historic subsidy-giving practice coincides with strategic objectives of the UK government. Specifically, the objectives of **promoting growth around the UK (local growth), increasing investment in research, development and innovation (RD&I), and supporting the transition to net zero carbon emissions (energy usage)**. The routes have been developed through detailed and iterative engagement with a range of public authorities around the United Kingdom that are active in these areas, including the devolved administrations.

In recent years, public authorities have given large proportions of their subsidies under the EU General Block Exemption Regulation. It is likely that the scope of that regulation has influenced which subsidies have or have not been given. As public authorities adjust to the flexibilities of the new UK regime, evidence may emerge of other areas of subsidy activity where Streamlined Routes would be both useful to public authorities and consistent with UK government priorities. For that reason, **the government will keep the operation and use of Streamlined Routes under review**. The government will consider, as appropriate, potential changes to existing Streamlined Routes or the creation of new Streamlined Routes.

Part 1 of this guidance provides information relevant for all Streamlined Routes. Part 2 deals exclusively with information relevant for the Energy Usage Streamlined Route.

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Part 1: General guidance

1 How to use this guidance

- 1.1. This guidance has been published to support the use of the Energy Usage Streamlined Route (also known as the Energy Usage Streamlined Subsidy Scheme). It explains the legal obligations of the Energy Usage Streamlined Route and will be most useful to public authorities who are planning, or in the process of designing, subsidies to give under this Route. It should be read alongside the Route itself.
- 1.2. All subsidies given under the Route must meet the conditions set out in the Route, otherwise the subsidy may be challenged in the courts. This guidance will help public authorities to give subsidies that meet those conditions. Proper consideration of and adherence to this guidance is therefore strongly recommended.
- 1.3. The guidance does not supersede or replace the statutory guidance for the UK subsidy control regime.² Public authorities must have regard to the statutory guidance when giving a subsidy, including a subsidy given under a Streamlined Route. The most relevant parts of the Subsidy Control Act 2022 (the Act) are also summarised in this guidance.
- 1.4. Public authorities can request support and guidance on the subsidy control requirements from the DBT subsidy control team at: subsidycontrol@businessandtrade.gov.uk

2 Overview of Streamlined Routes

- 2.1. Streamlined Routes are a type of subsidy scheme made by a minister of the Crown (the government) for use by any UK public authority. They are a voluntary tool that public authorities can use to award subsidies without the need to assess them against the subsidy control principles.
- 2.2. Streamlined Routes have been assessed by the government to be compliant with the requirements of the subsidy control regime. This allows public authorities to give subsidies under routes quickly and easily. Streamlined Routes are intended to promote confidence and legal certainty for beneficiaries and for public authorities that are giving subsidies that are routine, low risk and aligned to UK strategic priorities. Subsidies given under Streamlined Routes do not need to be referred to the Subsidy Advice Unit.

² Made under section 79 of the Subsidy Control Act 2022.

- 2.3. The government will review feedback from users of Streamlined Routes once they are made and intends to undertake a monitoring and evaluation process to complement this. The government will use this information to inform future decisions about Streamlined Routes.
- 2.4. The government is of the view that this Streamlined Route is compliant with the Act. Any subsidies given under it correctly are therefore compliant with the Act.

3 Legal background

Power

- 3.1. Streamlined Routes (known as streamlined subsidy schemes under section 10 of the Act and as Schemes in the Route documents) are a type of subsidy scheme made by the UK government for use by any public authority in the UK.
- 3.2. When the government makes a Streamlined Route, it will publish it and the accompanying guidance on GOV.UK. It will also publish information about the Route on the subsidy database, in line with the transparency requirements of the Act.

Parliamentary scrutiny

- 3.3. Under the Act, a Streamlined Route must be laid before Parliament for 40 days after it is made. Within this 40-day period either House of Parliament may pass a resolution not to approve the Streamlined Route, in which case a Streamlined Route will be treated as 'not having been made' from the day after the resolution is made. Any subsidies given under a Streamlined Route prior to Parliament making this decision would not be affected. However, no further subsidies could be given under a Streamlined Route if Parliament had decided not to approve it, and the Streamlined Route would be withdrawn.

Challenges against Streamlined Routes

- 3.4. As a type of subsidy scheme, a Streamlined Route can be subject to a review before the Competition Appeal Tribunal (the Tribunal). Interested parties may apply to the Tribunal for a review of the UK government's decision to make a Streamlined Route. If the Tribunal finds that the Streamlined Route has not been made in compliance with the requirements of the Act it could award the same remedies as are available to the High Court in a judicial review or to the Court of Session in an application to the supervisory jurisdiction of that court. The Tribunal can also order the recovery of some or all subsidies given under a scheme.

- 3.5. Interested parties generally have one month to apply to the Tribunal for a review of the subsidy or scheme, from the point the Route has been uploaded to the database. If this limitation period lapses without a challenge being brought or a pre-action information request being made, a Streamlined Route and all subsidies given under it will be safe from challenge on subsidy control grounds.
- 3.6. Streamlined Routes, like all decisions of a public nature, can be challenged on general public law grounds.

Challenges against subsidies given under Streamlined Routes

- 3.7. Subsidies given under the Streamlined Route are not subject to review by the Tribunal, because the review must take place at the level of the Route itself (as with all subsidy schemes).
- 3.8. This protection only applies where a subsidy genuinely falls within the terms of the Streamlined Route. If a subsidy does not comply with the terms and conditions of the Route, then the public authority should have treated it as an individual subsidy, and therefore conducted an assessment against the relevant principles and prohibitions. The subsidy could be challenged on this basis. Public authorities must therefore meet all the conditions of the Streamlined Route or any subsidies they give under it incorrectly will be vulnerable to challenge.
- 3.9. As with all decisions of a public nature, a person who is aggrieved by the giving of a subsidy under a Streamlined Route may also be able to request a review of the subsidy decision on general public law grounds. That is, on the basis that the subsidy decision was, for example, illegal, irrational or otherwise unlawful on any other general public law ground. Such a challenge would need to be considered by the High Court or Court of Session, as it is not possible to challenge a subsidy under a scheme on public law grounds in the Tribunal.

4 Process for awarding subsidies under a Streamlined Route

- 4.1. The below process map shows the Streamlined Route process for public authorities.

Step 1: Once you have decided on the subsidy you would like to give, you may consider whether it will fall within scope of a category within a Streamlined Route.

Check the cash limits and maximum subsidy ratios set for the category. If you expect to give a subsidy over this level then you can create your own subsidy or scheme. If you want to award a subsidy below that level, you may proceed.

Step 2: A – Review the Route and accompanying guidance to see which enterprises can receive a subsidy through the category. For example, the category may be limited to SMEs, or it may require you to ensure the enterprise has a legal right to alter a building related to the subsidy.

B – Work out what costs you intend the subsidy to cover, and check these against the ‘eligible costs’ section of the category you wish to award through.

C – Consider any limitations on eligible costs as set out in the Route and guidance. Amend your project plan accordingly if you still wish to award through a Route.

Step 3: Calculate the subsidy ratios that are permitted under the category you are using. More information on this can be found from paragraph 6.18 of this guidance.

Step 4: Check with the intended subsidy recipient if they have received any other form of subsidy from another public authority for the same project to achieve substantially the same policy objectives.

If they have, then you will need to follow the cumulation steps as set out from paragraph 6.23 of this guidance.

Step 5: You are now ready to confirm the subsidy award total and give the subsidy.

Having given the subsidy, you must follow the transparency requirements. In particular, if your subsidy is over £100,000 then it must be uploaded onto the UK subsidy database.

5 Eligibility and scope

Is it a subsidy?

- 5.1. The subsidy control regime does not apply to all types of financial assistance given by public authorities. Before using the Streamlined Route public authorities should determine if the financial assistance they intend to give is a subsidy that falls within scope of the regime.
- 5.2. Public authorities should refer to the statutory guidance when making this determination.

Is the subsidy within scope?

- 5.3. Once public authorities have established that the definition of a subsidy has been met, they should consider whether the subsidy they are planning to award may be compatible with any of the Streamlined Routes. A subsidy given under a Streamlined Route must comply with all the conditions of the Route.
- 5.4. Streamlined Routes are intended to help public authorities give certain low-risk subsidies that the government considers to be compliant with the requirements of the Act.
- 5.5. If public authorities conclude that a subsidy they wish to give is not in scope of the Streamlined Route, they are encouraged to design their own subsidy or scheme, using the process explained in the statutory guidance.

Prohibitions

- 5.6. The subsidy control regime prohibits subsidies that provide unlimited guarantees, subsidies that are contingent on export performance, and subsidies that are contingent on the use of domestically produced goods or services. These prohibitions apply to subsidies given under the Streamlined Route. If in doubt, see the statutory guidance for more details.
- 5.7. The subsidy control regime provides for extra conditions or special arrangements for the award of certain other types of subsidy. The following cannot be given under Streamlined Routes (see the statutory guidance for more details):
 - subsidies for rescuing or restructuring ailing or insolvent enterprises
 - subsidies conditional on the relocation of activities
 - subsidies to insurers that provide export credit insurance
 - subsidies to air carriers for the operation of routes
 - subsidies for services of public economic interest

Northern Ireland Protocol

- 5.8. Article 10 of the Northern Ireland Protocol to the Withdrawal Agreement (the Protocol), provides that EU State aid rules will continue to apply to the UK in respect of subsidies that affect trade in goods and electricity between Northern Ireland and the EU. Article 10 does not apply to services. While most UK subsidies will be unaffected by the Protocol there will be instances where Article 10 applies. For example, subsidies for goods in Northern Ireland and, in certain limited circumstances, subsidies for goods given in the rest of the UK. Where subsidies engage the Protocol, they are not in scope of the domestic subsidy control regime and cannot be given under the Streamlined Route.
- 5.9. Public authorities should refer to the 'Guidance on the UK's international subsidy control commitments', to reach a view on whether the Protocol may apply to a subsidy they intend to give under the Streamlined Route.

Enterprise size

- 5.10. Streamlined Routes may permit varying levels of support depending on the size of an enterprise. For example, Streamlined Route categories may be limited to small and medium enterprises (SMEs) only, or provide for more generous subsidy ratios, to reflect the increased difficulty SMEs generally face raising capital, compared with larger enterprises.
- 5.11. Where subsidies are conditional on enterprise size public authorities must first establish whether the recipient constitutes an enterprise and then determine its size.
- 5.12. Public authorities should use the Subsidy Control Act 2022 and the statutory guidance to assess the enterprise for the purposes of the subsidy. An enterprise is any entity (that is, any person, or group of persons under common control) that is engaged in an economic activity, which means offering goods and services on a market.
- 5.13. Public authorities must then determine the size of an enterprise using the conditions set out in the Companies Act 2006 as was in force in January 2023. The conditions (see the table below) relate to turnover, balance sheet total and number of employees. An enterprise must satisfy two or more of the relevant conditions to qualify.

Qualifying criteria	Small enterprises	Medium-sized enterprises
Turnover	Not more than £10.2 million	Not more than £36 million
Balance Sheet Total	Not more than £5.1 million	Not more than £18 million
Number of Employees	Not more than 50	Not more than 250

- 5.14. The conditions must be applied to the enterprise (as defined in the Subsidy Control Act 2022) benefiting from the subsidy – regardless of whether that enterprise is subject to the Companies Act itself (in terms of requirements for the preparation of accounts). For example, an enterprise may not have consolidated UK accounts because it is a sole trader or otherwise not a UK-registered company, or it is part of a group under common control.
- 5.15. In such instances where the Companies Act processes or methodologies are inappropriate for determining an enterprise’s size, public authorities can adopt a different approach to assessing the Companies Act qualifying conditions, providing it is reasonable and appropriate.

Relevant Companies Act 2006 references

- 5.16. “Small enterprise” means an enterprise that meets two or more of the qualifying criteria for a small enterprise, as set out in section 382 of the Companies Act 2006 as was in force in January 2023.³
- 5.17. “Medium-sized enterprise” means an enterprise that meets two or more of the qualifying criteria for a medium-sized enterprise as set out in section 465 of the Companies Act 2006 as was in force in January 2023.⁴
- 5.18. “Large enterprise” means an enterprise that is larger than a medium-sized enterprise, as assessed by reference to the qualifying criteria in section 465 of the Companies Act as was in force in January 2023.⁵

³ See changes over time <https://www.legislation.gov.uk/ukpga/2006/46/section/382/2023-04-01>.

⁴ See changes over time <https://www.legislation.gov.uk/ukpga/2006/46/section/465/2023-09-29>

⁵ As above.

6 General Streamlined Route requirements

Information-gathering requirements

- 6.1. Public authorities must obtain certain information from potential beneficiaries before giving a subsidy under the Streamlined Route. This will typically be part of any application for a subsidy before work on the subsidised project or activity has started. A written application before work starts is necessary to show that the subsidy will incentivise a behaviour that would not have occurred in the absence of the subsidy.
- 6.2. A public authority must, at a minimum, obtain from an enterprise the following information when giving a subsidy under this Route:
 - name and size of the enterprise,
 - description of the proposed project including its location, start and end date, and expected outcomes,
 - the anticipated project costs, before any deductions, which must be supported by relevant and contemporary documentation.

Start dates

- 6.3. To help ensure subsidies given under a Streamlined Route have an incentive effect, public authorities may not give subsidies for projects or activities that have started. If an enterprise starts a project or activity without a subsidy, or without a firm commitment of receiving a subsidy, it raises the likelihood they may have undertaken the project or activity in the absence of the subsidy.
- 6.4. However, there may be instances where starting a project or activity before receiving a subsidy or a commitment of a subsidy is justified. For example, where a project or activity would not be viable otherwise. In this instance public authorities may give a subsidy for a project that has started providing:
 - the public authority has provided written authorisation to the enterprise that the project can be started before the subsidy is given, and
 - the public authority is of the view that the project would not be viable unless it starts before the subsidy is given.
- 6.5. Public authorities may consider limiting the total percentage of total project costs that can be spent by the enterprise before a subsidy is given.
- 6.6. In addition, public authorities may give a subsidy for a project or activity that has started if they are of the view that the scope of the project is being widened or the project is being accelerated.

Availability

- 6.7. A public authority must make subsidies available using transparent and objective selection criteria. This means that public authorities should explain to potential beneficiaries how any applications for a subsidy will be assessed and that the assessments will be conducted using conditions that can be objectively met, such as the enterprises operating in a particular sector or range of sectors, or that any jobs created as part of the project will be based in a pre-defined area.
- 6.8. An open competition is only a requirement if this is explicitly set out as part of a category within a Streamlined Route.

Eligible costs

- 6.9. A subsidy under a Streamlined Route can only be given for certain costs that are defined in the Route or categories in the Route (eligible costs). For example, a category may only permit subsidies for the capital expenditure or personnel costs directly related to a specific type of project or activity.
- 6.10. A public authority must obtain a list of anticipated eligible costs from the potential beneficiary before it decides to give a subsidy under a Route. The list of eligible costs must be supported by documentary evidence. This is an essential step to determining the subsidy ratio for the project or activity.
- 6.11. There are common limitations on eligible costs across all Routes and categories, which are that eligible costs must be:
- incurred directly as a result of the project or activity,
 - limited to those strictly necessary for the project or activity, and
 - for projects, limited to the time period of the project.
- 6.12. Subsidies that are 'strictly necessary' means those that are essential for the project's success and meeting the stated policy objectives through the intervention. For example, a potential beneficiary might want to engage external consultants that are not essential for project completion, but instead as an additional layer of assurance. Those consultancy fees would not be strictly necessary.

Valuing the subsidy

- 6.13. Subsidies may be given under a Streamlined Route in any form, such as grants or loans, except where specified otherwise in a Route category. Maximum award amounts, expressed as a cash value, are used for each category within the Streamlined Route.

- 6.14. Where public authorities are giving subsidies in the form of complex financial instruments, including equity or quasi-equity investments, we strongly recommend that they should have the appropriate expertise to select and manage investments.
- 6.15. If a subsidy is provided in cash, the gross cash amount given is to be used in determining the amount of the subsidy – that is, deductions should not be made for tax or for any other costs.
- 6.16. If a subsidy is provided in a form other than a grant,⁶ the amount of the subsidy given is to be determined by reference to the benefit received by the beneficiary beyond what they would have received had they obtained the financial assistance on commercial terms. For example, if a public authority provides a £1 million loan for one year with an interest rate of 4% and total repayments of £1.04 million, while the commercial interest rate would be 5% with total repayments of £1.05 million, the Gross Cash Equivalent value of the subsidy would be £10,000.
- 6.17. The value of a non-cash subsidy should be calculated using the methodology in the Subsidy Control (Gross Cash Amount and Gross Cash Equivalent) Regulations 2022 made under section 82 of the Act. Further information can be found in the statutory guidance.

Calculating subsidy ratios and the maximum permissible award

- 6.18. A subsidy ratio – also known as an ‘intensity’, ‘intervention rate’ or ‘leverage amount’ – is the proportion of a project or activity’s costs that are funded by a subsidy, as opposed to funding by the beneficiary itself or through other private or market-based sources of funding.
- 6.19. The Streamlined Route or different categories under a Streamlined Route will set out maximum subsidy ratios that a public authority must respect when giving a subsidy under a Streamlined Route. Like the maximum award amounts, maximum subsidy ratios are limits that cannot be breached under the Streamlined Route. Public authorities do not need to give subsidies at those maximum levels. In fact, they should always give the lowest subsidy amount for achieving their objective.
- 6.20. For the purposes of calculating subsidy ratios and eligible costs, all figures used shall be gross amounts, taken before any deduction of tax or other charge.

⁶ Different principles also apply for valuing tax measures.

- 6.21. The subsidy ratio must be applied to all eligible costs that make up a project that the enterprise will be carrying out. This will determine the total subsidy that can be given to the enterprise, for the determined project, through the Streamlined Route.
- 6.22. The subsidy must be capped at either the maximum award amount or the limit indicated by the subsidy ratio, whichever is lower. For example, if a Route has a maximum award amount of £1 million and a subsidy ration of 50%, then the maximum subsidy that could be provided to a project with £1.2 million of eligible costs would be £0.6 million.

Example

A category within a Streamlined Route has a range of subsidy ratios that apply to different enterprise sizes: 30% for large enterprises, 40% for medium-sized enterprises; and 50% for small enterprises.

The public authority is giving a subsidy to a medium-sized enterprise so can give a subsidy up to 40% of the total costs of the project.

The category also has an option whereby the subsidy ratio can be uprated by 10% for workers with disabilities or disadvantaged workers. This fits in line with the scope of the project.

The new combined subsidy ratio for a project by a medium-sized enterprise supporting workers with disabilities or disadvantaged workers is 50% (40%+10%).

The maximum award amount for this category is £500,000.

The public authority determines that additional personnel costs and capital costs are eligible costs that fall under the definition of the category for the Streamlined Route they are using.

In this situation there are no additional conditions to consider that could limit the amount of eligible costs to make up the project.

Taking into account the personnel costs and capital costs of the project, the total eligible costs are £800,000.

By applying the subsidy ratio of 50%, the public authority determines that the project can receive £400,000 as this is below the maximum award amount for the category.

Cumulation rules for Streamlined Routes

- 6.23. Streamlined Routes facilitate subsidies that present a low risk of distorting competition. To help ensure subsidies remain low risk, cumulation rules apply.
- 6.24. Public authorities should cumulate a proposed subsidy with previous similar subsidies to ensure the proposed subsidy does not go over the relevant maximum award amount. The public authority will need to add together the value of similar subsidies with the value of the proposed subsidy, and only proceed with the proposed subsidy if it is below the limit for that category. Cumulation does not involve subsidy ratios, only award amounts. For example, a maximum subsidy ratio of 50% applies regardless of cumulation and the number of subsidies.
- 6.25. An existing subsidy must be cumulated with the proposed subsidy if it meets all the following conditions and was given:
- to the same enterprise by any public authority,
 - for the same project or activities as defined under the relevant categories of the Streamlined Route Schedule,
 - for the same or substantially the same specific purposes as set out under the relevant categories in the Route,
 - within the last 3 financial years (that is, the last 2 complete financial years, running from 1 April to 31 March, and the lapsed part of the current financial year).
- 6.26. A public authority should therefore collect information from enterprises to determine if the subsidy they are intending to give needs to cumulate with any previous subsidies.
- 6.27. There are no exemptions for which types of subsidies can cumulate. Public authorities should therefore consider standalone subsidies, subsidies previously given under this Route, subsidies as part of another scheme or another Streamlined Route and subsidies given as Minimal Financial Assistance.
- 6.28. If a public authority determines that the Route or category maximum award amount has already been reached with previous similar subsidies that meet the criteria in paragraph 6.25, then they may not award any further subsidy through that Route or category.
- 6.29. If a project or activity is due to last for longer than 3 years, then the maximum award amounts and the subsidy ratios, set out in the specific categories within the Route, apply to the lifespan of that project or activity. Therefore, the cumulation period cannot restart after 3 years for the same project, even if that project might, for example, take 5 years to reach completion.

- 6.30. A public authority cannot artificially split a project into smaller constituent projects with similar characteristics or objectives to try to circumvent the cumulation requirements listed above.

Example

A public authority intends to give a £1 million subsidy to an enterprise under a Route category that has a maximum award amount of £2 million. The enterprise informs the public authority that it has received £1.25 million from another public authority towards the same project and for the same purposes earlier in the same year. The public authority has determined that no other subsidies have been awarded over the previous 3 financial years. The £1 million subsidy cumulates with the £1.25 million subsidy above the £2 million maximum award amount. The maximum the public authority can award under the Route is therefore £0.75 million.

The £1.25 million subsidy and the £1 million subsidy would have accumulated regardless of the time by which they were awarded between 1 year or 4. This is because maximum award amounts apply for the lifespan of a project or activity.

Transparency requirements

- 6.31. Streamlined Routes and any subsidies given under them that exceed £100,000 must be uploaded to the subsidy database, as required by the Subsidy Control Act.
- 6.32. DBT is responsible for uploading the Streamlined Routes (as subsidy schemes) to the subsidy database and will do this shortly after the date that they are made.
- 6.33. Where a public authority gives subsidies under Streamlined Routes that exceed £100,000, that public authority is responsible for uploading information about those subsidies to the database. This must be done within three months of the decision to give the subsidy award. The date of the subsidy decision is the date on which a binding commitment is made by the subsidy giver, when the beneficiary has an enforceable right to the subsidy.
- 6.34. Public authorities should follow the statutory guidance on transparency to determine what transparency obligations apply to the subsidy award.

- 6.35. The statutory guidance explains how public authorities can group subsidies given under a Streamlined Route. However, the transparency database will not have this functionality at the beginning of 2023 and public authorities will need to upload all subsidies given under Streamlined Routes as individual subsidies. Once the database has been updated this guidance will also be updated.
- 6.36. To upload a subsidy given under a streamlined route public authorities must do the following:
- Ensure there is a database user account on the Manage UK subsidies portal. If you do not have access for your organisation, please contactsubsidycontrol@businessandtrade.gov.uk
 - Identify the Streamlined Route you want to use from the list under subsidy schemes. Use the Energy Usage Route's unique SC number (SC10781).
 - Click on 'subsidy awards' on the subsidy awards tab and select 'add multiple subsidy awards'.
 - Download the excel template when prompted and then follow the instructions to add the subsidy award (the instructions are included in the template).
 - Save a local copy of the template once completed.
 - Select the 'upload file' button on the subsidy awards tab under 'add multiple subsidy awards' and upload the completed excel file with the subsidy awards.
 - The database will then automatically run through the file and highlight any errors, if they exist. When the file is uploaded the subsidy awards will appear on the list of subsidy awards.
 - Check the 'view uk subsidies' page to ensure that the awards are displayed correctly.
- 6.37. You should keep the Excel file for your own record keeping as a public authority must ensure the subsidy award information is correct for a minimum of six years.

Retention of documents

6.38. Public authorities will collect certain information from beneficiaries to comply with the Streamlined Route, as well as for tax and managing public money purposes. Public authorities must meet the transparency requirements in the Act, including the need to keep database entries up to date for 6 years. In addition, subsidies given under routes can be challenged on general public law grounds. Retaining relevant information will be necessary for both. Public authorities are therefore advised to retain relevant documents for as long as they consider necessary to meet the transparency requirements, respond to challenges and satisfy any other obligations.

Part 2: Energy Usage Streamlined Route (SC10781)

7 Overview

7.1. The Energy Usage Streamlined Route (also known as the Energy Usage Streamlined Subsidy Scheme) has been made by the Secretary of State to facilitate the giving of certain subsidies that will help achieve our net zero strategic objectives, with a particular focus on heat and buildings.

7.2. The Streamlined Route supports public authorities to address specific objectives through subsidies in three main areas: Energy Demand Reduction, Green Heat Networks, and Green Skills Training related to this sector.

7.3. The specific objectives for the Energy Usage Streamlined Route are to:

- facilitate increased energy efficiency measures in buildings
- increase the uptake of low-carbon heating sources leading to future carbon and cost savings
- encourage the training and upskilling of workers involved in the heat and building sector through facilitation of increased public investment
- improve the supply chain within the heat and building sector

7.4. These objectives are in line with the government's wider strategic objectives and priorities within the net zero and heat and building space.

7.5. This guidance should be read alongside the Energy Usage Streamlined Route itself.

8 Context

8.1. The UK government set a legally binding target to achieve net zero greenhouse gas emissions by 2050.⁷ Meeting this target will require the UK to take action in many different areas. One essential strand will be to decarbonise over 30 million homes, as well as non-domestic buildings, and lower their energy usage. This includes retrofitting with energy efficiency measures and installation of low carbon heating systems.

⁷ <https://www.gov.uk/government/publications/net-zero-strategy>

- 8.2. As such, this Streamlined Route supports public authorities to give subsidies in 3 key areas to reduce energy usage. These 3 categories represent low-risk, commonly awarded subsidies. By providing a Streamlined Route in these areas, it will be even more straightforward for public authorities across the UK to award these types of subsidies and contribute to our Net Zero target. This does not prevent a public authority carrying out their own principles assessment for another net zero related standalone subsidy or subsidy scheme, but it does provide them with another voluntary avenue should their subsidy align with the categories in the Energy Usage Route.
- 8.3. The first category, Energy Demand Reduction, helps public authorities give subsidies to take energy efficiency, clean heat and additional energy infrastructure measures in buildings. Heating for homes and workspaces makes up almost a third of all UK carbon emissions. Out of this total number of buildings, the 1.7 million non-domestic buildings account for more than 10% of UK building emissions.⁸ It is therefore imperative to address energy usage and heat and building decarbonisation over the coming years.
- 8.4. The second category, Green Heat Networks, will address the cost barriers for switching from fossil fuel to green heat networks such as heat pumps, by facilitating public authorities to provide subsidies for their set-up. Heat networks will be a key technology in heat-dense areas like cities, or around ‘anchor loads’ such as schools and hospitals. In combination with enhanced regulation,⁹ subsidies for the commercialisation and construction of green heat networks will help to meet the UK’s net zero targets. Previous heat network schemes found that grant funding can increase consumer confidence and understanding, reduce the risk for investors, and increase the capability and capacity of the supply chain, with the final result being the decarbonisation of existing heat sources, and better access to low cost, low-carbon heat. This makes this area an ideal candidate for inclusion in the Streamlined Route, to help achieve the UK’s overall net zero goals.

⁸ <https://www.gov.uk/government/publications/heat-and-buildings-strategy>

⁹ <https://www.gov.uk/government/publications/heat-networks-zoning-pilot>

8.5. Finally, the third category in this streamlined route facilitates subsidies for Green Skills Training. Skilled, qualified workers are critical to delivering wider benefits of energy usage – and by supporting and building those skills we will see the creation of more green jobs. The Government’s Net Zero Strategy ¹⁰ sets out an ambition for its targets and policies to support up to 440,000 jobs by 2030. The Climate Change Committee report ¹¹ sets out that up to 230,000 jobs could be created in the building retrofit space by 2030. However, this is only possible with intervention to shore up supply chains in this sector, increase training providers’ confidence in the future pipeline of these workstreams, and ensure that enough training is actually taking place in the green skill areas that will be needed most.

9 Categories explainer

9.1. The Energy Usage Streamlined Route comprises 3 categories. Each category contains its own project definitions, upper maximum award amount limits, subsidy ratios, eligibility criteria and limitation conditions.

9.2. The three categories are:

- Energy Demand Reduction, and
- Green Heat Networks, and
- Green Skills Training

Energy Demand Reduction

9.3. This is the broadest of the categories within the Streamlined Route. It can be separated into 3 overarching areas for subsidies that improve buildings. Subsidies in these three areas can be given together or separately. These include:

- measures relating to improving the energy efficiency levels of a building (such as the upgrading of fabric measures like insulation or double glazing),
- the integration of low-carbon heating solutions within the building (such as installation of a heat pump or connecting to an existing low carbon heat network),
- the inclusion of additional energy infrastructure measures (such as the integration of on-site renewable energy like solar photovoltaic (PV) the installation of energy storage for on-site generation or the investment in the digitalisation of the building to prepare it for smart building readiness).

¹⁰ <https://www.gov.uk/government/publications/net-zero-strategy>

¹¹ <https://www.theccc.org.uk/publication/2022-progress-report-to-parliament/>

Green Heat Networks

9.4. This category is targeted towards undertakings for development of a low carbon heat network. This includes combined heating and cooling networks and support can range from the initial commercialisation phase of the project to the actual construction and build of a new heat network or upgrading an existing one.

Green Skills Training

9.5. This category specifically focuses on green skills related to the heat and building sector. Subsidies can be given under this category to a range of training providers across the UK. The subsidy will support the delivery of accredited training at scale to areas related to energy efficiency, low-carbon heating installation, maintenance sectors and retrofit coordinators.

10 Scope of subsidies within the Route

10.1. Only subsidies within scope of the Streamlined Route may be given under it. The next section of this guidance explains what subsidies are within scope. This is segmented by category and contains subsidy examples as well as an example how to carry out the necessary checks.

11 Category 1: Energy Demand Reduction

Scope

11.1. In this category a project could include any of the measures as set out in paragraph 9.3 related to a building in the areas of energy efficiency, low-carbon heating, and additional energy infrastructure. A project does not need to include all of these measures: the specific measures included should be chosen based on the findings of an energy audit. More information on the energy audit can be found below at paragraph 11.7.

Category maximum award amount and subsidy ratio summary

11.2. The table below sets out the total award that is allowed for any project and the difference in subsidy ratios between enterprises of different sizes. This is explained in more detail from paragraph 11.22.

Category maximum award amount	Amount
Total award in any project	£3 million
Enterprise size	Subsidy ratio
Small enterprise	60%
Medium-sized enterprise	50%

Large enterprise	40%
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Enterprise eligibility

- 11.3. The enterprise receiving the subsidy must be owners or occupiers of the building that the subsidy relates to.
- 11.4. The enterprise receiving the subsidy must be in a position to allow for works to be carried out on their respective building(s). The subsidy recipient, if they are also an enterprise, must therefore own the building that the project will be attached to, or they must have an appropriate arrangement in place with the building owner for the project to proceed to completion.
- 11.5. Appropriate arrangements must also be made to ensure only the intended beneficiaries will benefit from the subsidy. This could be where an enterprise is renting premises (enterprise A) from another enterprise (enterprise B) and both would benefit. Enterprise A may receive the cost savings from the energy efficiency improvements and enterprise B may receive a more valuable building from the same improvements.

Eligible costs

- 11.6. Subsidies under this category can be used to fund any of the following types of costs, or a combination of them (known as eligible costs):
- costs directly related to conducting an energy audit of the building(s) to be included in the project.
 - any capital costs associated with the project. This could arise from energy efficiency measures, low carbon heating and additional energy infrastructure. A non-exhaustive list can be found from paragraph 11.16 of this guidance. It does not cover costs related to investment in or refinement of industrial processes.
 - personnel costs for the project that support the personnel who are directly required to carry out the project in question. This should not include 'business as usual' staffing costs for the subsidy recipient.

Limitations on eligible costs

Energy audit

- 11.7. An energy audit should be carried out to set the direction and scope of the project, to establish that further subsidies would be proportionate for the project.
- 11.8. For clarity the energy audit does not include activities that may be covered by mandatory audits that are unrelated to the project for which the subsidy has been given, such as the Energy Savings Opportunity Scheme.

- 11.9. An accredited energy assessor should carry out an energy audit to determine the most appropriate and effective energy demand reduction measures on a building-by-building basis. The public authority should then use this data to confirm what can be in scope of the project against the proposed plans put forward by the enterprise, and therefore what the eligible costs would be through the Streamlined Route.
- 11.10. An accredited assessor could, for instance, hold the Domestic Energy Assessor, Non-Domestic Energy Assessor or Green Deal Advisor qualifications.

Example

The most wide-ranging version of an energy audit is an Energy Performance Certificate (EPC). An EPC lasts for 10 years. Once an EPC has been carried out, this will provide a list of measures that could be undertaken in the building for it to reach a higher EPC rating. If an energy audit had already been carried out, say last year, and the measures reported had not yet been acted upon, then this audit can be used to proceed straight to giving subsidies for the project.

Completion date

- 11.11. The project must agree a completion date when the works are aiming to be finished by. It is up to the public authority giving the subsidy if they wish to attach any conditions on this basis. For example, this could be holding back instalments of the subsidy until each phase has been successfully completed, or reducing the amount of money transferred as a penalty for late completion.

Additional funding

- 11.12. Additional funding to ensure the total costs of the project are met can come from the enterprise itself or another source of private investment but cannot include other subsidies (from the same or another public authority). A subsidy cannot be given for costs under this category if an enterprise is in receipt of duplicate funding covering identical project costs. Where a project has already benefited from subsidies for the same or a similar energy efficiency project (for different eligible costs within that project), the public authority will need to apply cumulation rules to determine if the maximum award amount (paragraph 11.24) has been reached for this category before any further subsidy can be given.

Statutory requirements and existing works

- 11.13. This category is not to be used to provide subsidies for a building to bring it into compliance with legislation, including building regulations or health and safety standards. Subsidies through this category are for upgrades that are in addition to any legally binding requirements on a particular building or buildings.

Example

New regulations come into force that require all buildings to be at an EPC band C. As this is a legal requirement, the subsidy recipient can only use any funding to improve their energy rating to band B or above. Any actions demonstrated by the energy audit that would improve the building to a band C must be funded outside of the subsidy. The subsidy can then be used towards the measures in the energy audit that would increase the energy efficiency level of the building beyond this point.

11.14. A subsidy must not be provided to any construction measures of the project that have already started.

Technology-neutral approach

11.15. This category allows for any proven technology to be used within the project. Measures must not use fossil fuels in their energy generation. For example, a hybrid heat pump that relies upon a gas boiler as well as heat pump technology.

11.16. A non-exhaustive list is provided below to give some idea behind the types of current technology that are on the market.

Energy efficiency: Insulation – cavity wall insulation, double glazing, dry wall lining, floor insulation, loft insulation, roof insulation, secondary glazing, draft proofing, or heating pipework insulation.

Low carbon heating and cooling: Air source heat pump, water source heat pump, ground source heat pump, connection to existing district heating, solar thermal, electric heating, or biomass.

Cooling: Cooling control system, cooling plant replacement, energy efficiency chillers, free cooling, or replacement of air conditioning with evaporative cooling.

Heating: Heat recovery, discrete controls, distribution pipework improvements, zone control valves, plate heat exchanger, steam trap replacements, or thermal stores.

Additional energy infrastructure

Renewable energy: Small hydropower, or solar PV

LED lighting and lighting controls: LED new and same fitting, discrete controls, or centralised control system

Energy storage: Energy storage equipment for any energy generated on-site.

Building digitisation and readiness: Investments in the digitisation of the building for smart building readiness to monitor energy usage.

Multiple buildings in a single project

11.17. Though not a requirement in the Streamlined Route, public authorities are encouraged to prioritise subsidies for improving the worst performing energy efficient buildings that could make up a viable project. This also includes situations where public authorities are prioritising between different projects. Public authorities are also encouraged to prioritise buildings which are currently using a fossil fuel based heating system that is coming to the end of its useful life.

Specific conditions

11.18. A project can include energy efficiency, low-carbon heating and additional energy infrastructure elements as long as it follows each of the specific limitations on eligible costs set out below.

Energy efficiency

11.19. Where appropriate, fabric energy efficiency measures should be considered in the first instance to maximise heat loss prevention in the building or buildings. A better-insulated building usually increases the efficiency of a heat pump once it is installed. This is best practice advice and a consideration rather than a necessity.

Low-carbon heating

11.20. Low-carbon heating measures must first work out the eligible costs associated with this technology. The difference must be worked out between the cost of the low carbon heating measure that will be installed as part of the project and a credible counterfactual that the enterprise would have installed in the absence of the subsidy and the low carbon alternative.

Example

A 2,000 sq ft commercial building currently has an old gas boiler system to heat it. A replacement with a more efficient gas system would cost £8,000 and the public authority considers that the credible counterfactual is that the recipient would replace the old gas boiler with this system. A new air source heat pump will cost £15,000. The difference between these two heating systems is £7,000. This is the eligible cost amount that should be tallied with the rest of the project to work out the overall subsidy ratios.

Additional energy infrastructure

11.21. Any energy infrastructure measures to be installed as part of the project, such as the inclusion of solar PV, must be integrated into the building. Integrated into the building means a measure that is for the benefit of the said building and not, for example, the installation of a solar farm that would then supply energy on a market.

Subsidy ratios

11.22. The overall percentages of funding that can be provided to an individual project varies based on the size of the enterprises in the following way:

- 40% total eligible costs for large enterprises,
- 50% total eligible costs for medium-sized enterprises,
- 60% total eligible costs for small enterprises.

11.23. The below text box sets out an example scenario for how to work out the eligible costs for a project and then the total subsidy.

Scenario

A medium-sized enterprise working out of 5 commercial buildings has received a signed agreement from the building owner that a project can take place to upgrade the energy performance of the building stock in question.

Step 1 – Conduct an energy audit on the buildings to determine which measures the project may wish to include.

Step 2 – A plan is produced picking out the most useful options from the energy audit. The enterprise has checked that none of the measures are required by law or health and safety legislation. As they are a medium-sized enterprise, they know that they can only ask for 50% worth of any costs they are planning to incur.

Step 3 – The enterprise is planning to install cavity wall insulation, loft insulation, LED lights throughout the premises and replace the existing old gas boiler with ground source heat pumps. They have calculated the price difference between the heat pump and the gas boiler.

Step 4 – The total costs are tallied up including the personnel costs required for installation. The final total of eligible costs comes to £30,000. Knowing that they can only ask for 50% of the cost, the enterprise calculates that they could receive up to £15,000 from the public authority.

Step 5 – The PA and the enterprise agree on the costs being given, check that there is additional funding available to see the project through and agree an indicative completion date for the works to be finished by.

Step 6 – The PA checks that the project is progressing to plan and the subsidy is being used for the previously agreed costs.

Maximum award amounts

11.24. The maximum subsidy for a single project to a single enterprise under this category is £3,000,000. In the vast majority of cases, the subsidy amount is likely to be much lower than this.

11.25. The subsidy must be capped at either the maximum amount or the limit indicated by the subsidy ratio, whichever is lower. A public authority must always seek to give the smallest subsidy necessary to achieve the desired effect.

12 Category 2: Green Heat Networks

Project

12.1. A project in this category will develop a low carbon heat network. This can either be through the upgrading of an existing network or the construction of a new one.

Category maximum award amount and subsidy ratio summary

12.2. The table below sets out the total award that is allowed for any project and the difference in subsidy ratios between enterprises of different sizes. This is explained in more detail from paragraph 12.19.

Category maximum award amount	Amount
Total award in any project	£15,000,000
Enterprise size	Subsidy ratio
All enterprises	50%

Enterprise eligibility

12.3. Any enterprise that can show it has the capability to successfully construct a low carbon heat network is eligible for a subsidy under this category. A public authority must set out a competitive bidding process ensure the best enterprise and project plan is being supported.

12.4. The competitive bidding process can be light touch. Section 5.82 on page 56 of HMT's Green Book¹² sets out what to consider when setting up a competitive bid. In particular, 'organisations should weigh the benefit of competitive process against the administrative costs and potential impacts on the ability of bidding organisations to plan strategically.'

Eligible costs

Commercialisation costs

12.5. A project can support combined commercialisation costs and construction costs or construction costs only.

12.6. A project cannot support commercialisation costs alone.

¹² <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government/the-green-book-2020>

12.7. 'Commercialisation costs' means expenditure incurred in advancing a project to a final investment decision.

12.8. Commercialisation costs may include, but are not limited to, the following:

- legal, technical and commercial support relating to final contract negotiation for Energy Supply Agreements,
- procurement of the heat network delivery, or procurement of the concession that will deliver the network depending on approach,
- legal, technical, commercial and financial support throughout the procurement process,
- planning requirements,
- agreeing utility connections,
- Environmental Impact Assessment and other assessments as necessary for planning and/or licencing,
- geological surveys and exploratory investigations.

Construction costs

12.9. 'Construction costs' means expenditure incurred in relation to all aspects of developing, building, retrofitting or upgrading a heat network.

12.10. Construction costs may include, but are not limited to, the following:

- accessing heat sources – such as capturing waste heat from an industrial process, energy from waste, wastewater or geothermal,
- low-carbon generation – energy centres, low-carbon generation and associated plant or controls,
- primary heat network distribution – distribution pipework – both above and below ground for transmission and distribution of low-carbon heating and cooling.

Limitations on eligible costs

12.11. A heat network that contains fossil fuel elements cannot be supported through this category. For example, a heat network that runs on natural gas.

Tertiary distribution

12.12. The cost of buying and installing a tertiary heat distribution system, the pipework and associated plant that sits behind the customer meter or Heat Interface Unit (HIU), all cannot be supported through this category.

Project start

12.13. A project could start before or after commercialisation work has been conducted. Regardless of commercialisation work, a project start always begins when the construction work on a new or existing heat network commences. The feasibility activities, including design and commercialisation, can therefore have already taken place prior to this point and the project does not have to be considered as having begun. For instance, a public authority may wish to give a subsidy only to support the construction costs of a project as the commercialisation measures have already taken place and have been deemed to be acceptable. A public authority must not provide a subsidy under this category for a project that has already started.

Abnormal profits

12.14. One of the policy objectives for the Energy Usage Streamlined Route is to increase the uptake of low-carbon heating sources. This will lead to both carbon and cost savings. It is understood that developing low-carbon heat networks is currently more expensive than fossil fuel alternatives, hence the need for market intervention.

12.15. It is also expected that a low-carbon heat network will make profits, however these profits should not be abnormal in the sense that they are in excess of a level that a rational investor would require to reflect the risk premium for investing in a market. It is therefore the case that a subsidised heat network project supported through this category should not be permitted to make abnormal profits.

Statutory duty

12.16. Where there is a legal requirement to connect existing heat and/or cooling sources to a heat network, the costs associated with this undertaking cannot be supported through a subsidy under this category.

Carbon and customer deliverability

12.17. The project must meet the following conditions in relation to carbon and customer deliverability:

- The subsidised heat network must deliver no more than 100g CO₂e/kWh within 3 years of coming online.
- There is a minimum demand expected through the upgrade or build of a heat network as part of this category. For urban networks a minimum end customer demand of 2GWh/year should be achieved, this includes existing customers. For rural off gas grid networks, a minimum number of 100 dwellings should be connected. This should be achieved within 5 years from the date of first connection.

- There is a cap on the total subsidy that can be provided towards a given project based on the price per kWh. This may not exceed 4.5p of funding per kWh delivered over the first 15 years of operation. In most cases, a lower rate is appropriate: a typical range of support levels expected is between 1.5p-3.5p per kWh.

12.18. DBT has developed the Whole Life Cost of Energy ([WLCoe](#)) calculator to help building owners and operators to understand the full financial cost of the energy their buildings use. This tool may be useful to public authorities in determining whether these conditions are met.

Subsidy ratios

12.19. The overall percentages of funding that can be provided to an individual project can be 50% of the combined commercialisation and construction costs. If a public authority does not wish to support the commercialisation aspects of a project, or if these aspects have already been successfully completed and shown to be effective, then they could provide 50% of funding towards the construction costs alone.

12.20. Commercialisation activities cannot exceed 5% of the subsidy. Construction activities will be the final subsidy amount less any costs towards commercialisation.

Maximum award amounts

12.21. The maximum subsidy for a single project to a single enterprise under this category is £15,000,000. In the vast majority of cases, the subsidy amount will likely be much lower than this.

12.22. The subsidy must be capped at either the maximum amount or the limit indicated by the subsidy ratio, whichever is lower. A public authority must always seek to give the smallest subsidy necessary to achieve the desired effect.

Example

A public authority has completed their competitive bid and chosen an enterprise with combined project costs of £24 million, of which £4 million are commercialisation costs (eg, bore hole drilling) and £20 million are construction costs. The public authority has agreed to provide 40% of the costs associated with the project in the form of a grant. The total the PA will be providing is therefore £9.6 million.

Even though commercialisation costs are £4 million, only 5% of the total subsidy can be given for commercialisation costs: 5% of the £9.6 million would be £0.48 million. The subsidy towards construction costs would therefore be £9.6 million – £0.48 million = £9.12 million.

13 Category 3 – Green Skills Training

Project

13.1. A project in this category relates to a training course for green skills training in relation to the installation of energy efficiency and low carbon heating measures and training for retrofit coordinators and other retrofit professionals. The project must have a proposed start and end point, carried out by a training provider that sets out a specified number of qualified trainees to be delivered. One project could count as one specified training course, or a number of courses being put on by the training provider. This needs to be confirmed before the project starts.

Category maximum award amount and subsidy ratio summary

13.2. The table below sets out the total award that is allowed for any project and the difference in subsidy ratios between enterprises of different sizes. This is explained in more detail from paragraph 13.20.

Category maximum award amount	Amount
Total award in any project	£1,000,000
Enterprise size	Subsidy ratio
Small enterprise	60%
Medium-sized enterprise	50%
Large enterprise	40%
Additional uplift	Subsidy ratio
Workers with disabilities and workers underrepresented in the sector the training supports	10%

Enterprise eligibility

13.3. A subsidy can be provided to a training provider to address shortages of green skills as outlined in 13.1.

Professional body

13.4. The training provider must state the professional bodies to which they belong. This includes detailing the accreditations and qualifications essential to training delivery. The training provider must be registered with the UK Register of Learning Providers (UKRLP).¹³

¹³ <https://www.ukrlp.co.uk/>

13.5. In addition to being registered with UKRLP, a training provider must ensure that the training that is being offered is assessed and certified by an appropriate awarding organisation. This could include an awarding organisation accredited to BS EN ISO/IEC 17024:2021 by the United Kingdom Accreditation Service (UKAS). This may include a recognised training body such as City and Guilds,¹⁴ Logic or an equivalent. More details can be found on their respective websites.

Track record

13.6. The training provider must have successfully previously delivered vocational courses. These courses should fall within at least one of the following areas:

- construction,
- energy efficiency,
- installation of low-carbon heating/cooling technologies,
- development, operation and maintenance of a low-carbon heat network,
- energy assessment.

National standards

13.7. The training provider must deliver training to national standards resulting in the demonstration of competence from the trainee. This could be in the form of a formal qualification or, where there is no formal qualification for the proposed training, evidence should be submitted to demonstrate the competence level the trainee will achieve and how this will enable the individual to work in the specified sector. This may also include the minimum technical competencies for an appropriate competent person scheme.

13.8. Specific technology standards may include any of the following:

- National Occupational Standards,
- PAS 2030L 2019 standards,
- PAS 2035 Standards,
- MCS competency standard or higher,
- Continuing Professional Development.

¹⁴ <https://www.cityandguilds.com/>

Eligible costs

Trainers' personnel costs

13.9. This relates to the hours in which the trainers participate in the training and can make up both the practical time spent leading the training with participants and all the preparation time leading up to that point.

Trainees' personnel costs

13.10. This relates to the hours during which the trainees participate in the training and could include things such as the administrative costs associated with getting a trainee signed up, any additional rent required for more space and any overheads associated with in-person aspects of training.

Operating costs

13.11. These must be directly related to the project and should not compensate for any general costs that the training provider must also pay for as part of their day-to-day running. For example, travel expenses, accommodation costs, materials and supplies directly related to the project, depreciation of tools and equipment, to the extent that they are used exclusively for the training project.

Advisory services

13.12. These services must be explicitly linked to the project in question and cannot support more general aspects of the training provider's business.

Limitations on eligible costs

Trainees

13.13. If the enterprise receiving the subsidy is a training provider, the project must offer training both to individuals already working in the sector and to those new to the sector. This is to ensure that current workers in sectors that are working with fossil fuel technologies (such as the installation of gas boilers) can receive training to transition to the net zero future.

Training type

13.14. Training may be delivered online, in a physical setting or a combination of the two. This will likely depend on the specific training as set out in the project. For instance, heat pump installation training would benefit from at least some practical in-person elements, so a decision should be made on the appropriateness of the training type on a case-by-case basis.

Schemes of work

- 13.15. Training providers must produce a scheme of work and lesson plans for the training courses. The public authority must view these before the project takes place and be satisfied with the approach before the subsidy is provided.

The following work schemes are an indicative and non-exhaustive list of the types of training that could be provided through the category.

Scheme 1: Retrofit assessor and retrofit coordinator

The provision and delivery of training to PAS 2035 standards. This scheme would be suitable for learners with appropriate existing qualifications or experience, for example Domestic Energy Assessor or other similar qualifications.

Scheme 2: Insulation

The provision and delivery of training to National Occupational Standards or higher in the installation of domestic insulation measures. All insulation measures included in the L2 NVQ in Insulation and Building Treatments would be suitable. Some types of insulation that could be included are external wall insulation, cavity wall insulation, draught-proofing, roof insulation and floor insulation.

Scheme 3: Heat pumps

The provision and delivery of accredited training for the installation of domestic heat pumps, including design of overall heating system. Training should ensure that trainees develop the Minimum Technical Competencies required for membership of a relevant Competent Person Scheme and/or the competence requirements required for MCS certification or equivalent. Whilst design training may take place online, it is reasonable and encouraged that installation training should include a significant in-person practical element.

Trainee costs

- 13.16. Any training that is being offered as part of a project must be provided at a low cost or be free for the trainee at the point of delivery. It is up to the PA and enterprise's discretion what the cost of training for trainees should be.

Skills gap

- 13.17. As part of the category's policy objective to encourage the training and upskilling of workers involved in the heat and building sector, the subsidy should be growing specific areas in this sector that are lagging behind in workforce numbers/skills. Therefore, a public authority must provide subsidies to a training provider where they are addressing a gap in that region's market. This should be conducted through the form of a high-level market review.
- 13.18. A high-level market review could be as simple as conducting a search using the UKRLP website, filter by their geographic location, and see what types of training are currently being provided and identify where there are gaps.
- 13.19. The regions are based on the 12 Nomenclature of Territorial Units for Statistics areas as set out by the Office for National Statistics.

Subsidy ratios

- 13.20. The overall percentages of funding that can be provided to an individual project varies based on the enterprise's size. 40% total eligible costs for large enterprises, 50% total eligible costs for medium enterprises and 60% total eligible costs for small enterprises.
- 13.21. Each of these subsidy ratios can be further uplifted by 10% if the project explicitly targets the training of workers with disabilities or disadvantaged workers.
- 13.22. A disabled worker means a worker who has a disability as defined in the Equality Act 2010.¹⁵ This is a person with physical or mental impairment that has a substantial and long-term negative effect on their ability to do normal daily activities. In Northern Ireland a disabled worker is a worker who is a disabled person as defined in the Disability Discrimination Act 1995.
- 13.23. An underrepresented worker means a worker belonging to a group that is underrepresented in the labour market in relation to the specific training that is being provided, as evidenced by ONS data.

Maximum award amounts

- 13.24. The maximum subsidy for a single project to a single enterprise under this category is £1,000,000. In the vast majority of cases, the subsidy amount will likely be much lower than this.

¹⁵ <https://www.legislation.gov.uk/ukpga/2010/15/contents>

- 13.25. The subsidy must be capped at either the maximum amount or the limit indicated by the subsidy ratio, whichever is lower. A public authority must always seek to give the smallest subsidy necessary to achieve the desired effect.

Example

A public authority in the East Midlands conducts a market review, using the UKRLP tool filtered by their geographical location, of the training providers in their area to determine what training is on offer in the green skills space.

They use this data to compare against the skills shortages that have been brought up by their stakeholders in the heat and building local industries. They determine that more skilled workers with knowledge of insulation would improve outcomes in their other projects, such as a social housing decarbonisation scheme.

They partner with a local training provider that falls under the definition of a medium sized enterprise. The enterprise provides a scheme of work and lessons plan that would provide 2,000 training positions over a 2-year time scale. The training is open to new and existing workers, as well as providing specialist support for disabled workers to retrain.

The overall training will cost the provider £1.2 million. As the provider is a medium sized enterprise also including measures to directly support disabled workers, the subsidy ratio is 70%. The total subsidy amount would be £0.84 million.