



Department for  
Energy Security  
& Net Zero

# Floating Offshore Wind Manufacturing Investment Scheme

Guidance

June 2023



© Crown copyright 2023

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](https://nationalarchives.gov.uk/doc/open-government-licence/version/3) or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk).

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.

Any enquiries regarding this publication should be sent to us at: [FLOWMIS@beis.gov.uk](mailto:FLOWMIS@beis.gov.uk)

---

# Contents

1	Floating Offshore Wind Manufacturing Investment Scheme	4
2	Applying to the Scheme	5
3	Step by Step Guide	8
3.1	Application and Assessment Process	8
3.2	Option to Call Reserve List Applications to the Primary List	15
3.3	IDAB	16
3.4	Grant Funding Agreement	17
3.5	Funding Amount	18
3.6	UKIB	18
4	Assessment Criteria	20
4.1	Section A – Applicant and Project Information	20
4.2	Section B – Applicant Legal Standing	20
4.3	Section C – Essential Project Criteria	20
4.4	Section D – Assessment Criteria	24
	D1 Economic, D2 Commercial and D3 Technical Assessment	25
	D4 Financial Assessment	31
4.5	Section E – Strategic Assessment	32
5	Accompanying Documents	34
6	Timeline	38
7	Application Support and Help	39
8	Right of Appeal and Feedback	39
9	Subsidy Control and Other Legal Requirements	40
10	Disclosure of Information	43

# 1 Floating Offshore Wind Manufacturing Investment Scheme

The UK is a global leader in offshore wind with the most installed capacity in Europe. Offshore wind provides affordable, secure, domestically generated renewable electricity and will play a key role in decarbonising the UK power system by 2035 and achieving the UK's target of net zero by 2050.

The British Energy Security Strategy announced the UK ambition to deliver up to 50GW of offshore wind by 2030, including up to 5GW of floating offshore wind. The Department for Energy Security and Net Zero (“**DESNZ**”) anticipates further rapid expansion of the floating offshore wind sector through the 2030s and beyond.

17.8GW of floating offshore wind seabed potential was leased through the ScotWind leasing round in 2022 and a further 4GW has been announced by the Crown Estate to be leased in the Celtic Sea, which could see rights awarded by the end of 2023. The Scottish Government's Sectoral Marine Plan for the Offshore Wind Energy for Innovation and Targeted Oil and Gas Decarbonisation (“**INTOG**”) leasing round could see the addition of up to a further 5.4GW to the floating offshore wind pipeline.

However, the UK needs more investment to facilitate capacity and capability to deploy and service the scale of the floating offshore wind pipeline and meet our offshore wind ambitions. In particular, the UK needs port facilities combining a substantial depth of water with heavy-lift capacity and extensive quayside space. These features are needed to enable the serial fabrication, marshalling, assembly, and transport of floating offshore wind turbines and to accommodate floating offshore wind foundations that can each weigh thousands of tonnes and require significant space. The 17.8GW announced through the ScotWind leasing round and the 4GW in the Celtic Sea could together require well over one thousand foundations, presenting the UK with an urgent need to establish the capacity to deliver floating offshore wind at scale.

In light of this, the Government has announced that up to £160 million (“**Scheme Cap**”) in grant funding will be made available for certain investments for floating offshore wind sector (“**Projects**”). DESNZ has established the Floating Offshore Wind Manufacturing Investment Scheme (“**FLOWMIS**” or the “**Scheme**”) to distribute this funding to support critical port infrastructure that will enable the delivery of floating offshore wind. Through the Scheme, DESNZ hopes to capture benefits to the UK economy including:

- enabling the delivery of our 5GW 2030 deployment ambition by securing the additional capacity necessary to scale up and accelerate floating offshore wind deployment in the UK;
- increasing capability in the UK floating offshore wind supply chain, driving cost reduction and the commercialisation of floating offshore wind technology;

- delivering industrial growth and associated regional economic and social benefits (e.g., quality jobs and increased GVA); and
- accelerating towards our target to achieve net zero by 2050.

This guidance document (“**Guidance**”) outlines the process through which DESNZ will distribute Scheme funding. It details how the Scheme will work, how Applications are to be made to the Scheme, the eligibility criteria for participation in the Scheme, how Applications to the Scheme will be assessed and how Scheme funding will ultimately be distributed (i.e., by way of Grant Funding Agreements (“**Grant Funding Agreements**”)), including the contractual arrangements and how successful Projects will report progress.

For the purpose of this Guidance, those applying to the Scheme are “**Applicants**” and their submission is an “**Application**”.

## 2 Applying to the Scheme

The Scheme is open to Applications until 23:59 (UK BST) Sunday 27 August 2023. Applicants must complete all sections of the Application Forms and provide all accompanying documentation (detailed in paragraph 5 of this Guidance) to the level of detail requested by 23:59 (UK BST) Sunday 27 August 2023.

Applicants must read this Guidance before applying to the Scheme.

If Applicants require any clarifications when preparing their Applications, they should email [FLOWMIS@beis.gov.uk](mailto:FLOWMIS@beis.gov.uk) with the subject heading “FLOWMIS Clarification – [Project title]”. If DESNZ deems a clarification to be of relevance to other Applicants (or potential Applicants), DESNZ may share the question and answer with other Applicants.

Applications should be submitted to [FLOWMIS@beis.gov.uk](mailto:FLOWMIS@beis.gov.uk) with the subject heading “FLOWMIS Application – [Project title]”.

### Important information regarding this process

Applications will be accepted from all parts of the UK. Applications will be assessed via the process set out in this Guidance.

- The indicative timeline for the Scheme is set out in paragraph 6 of this Guidance. Applicants must be willing to dedicate sufficient resource to assist DESNZ in meeting this timeline.
- Applicants must ensure that their Application, organisation, and Project all meet the minimum **PASS/FAIL** criteria explained in this Guidance. Applications that do not meet these criteria will be rejected.
- The assessment process will be run fairly and objectively and in accordance with this Guidance (as well as the other documents referred to herein).

- DESNZ reserves the right not to consider an Application further if an Applicant refuses to disclose any information requested or does not provide information in a timely manner as requested.
- The Scheme is likely to result in multiple funding awards, but DESNZ has absolute discretion to make one single award or any number of awards it considers appropriate.
- Grant Funding Agreements will be for a specified finite amount. The total Scheme funding distributed by DESNZ by way of all awarded Grant Funding Agreements (whether one Grant Funding Agreement or more than one) will not exceed the Scheme Cap.
- The Scheme and grant funding awards from it are discretionary. There is no automatic entitlement to an award of Scheme funding in any amount.
- DESNZ may attach conditions to any Grant Funding Agreement (including imposing stages in respect of the release of funds or requirements relating to a specific Project) and any conditions will be linked to the nature of the Project. Until a Grant Funding Agreement is agreed and executed, DESNZ will not be responsible for, nor will DESNZ make any commitment in respect of, costs that Applicants may incur.
- Notwithstanding the above, Applicants may incur expenditure on their Project at their own risk from the point of submitting an Application to the Scheme. Submitting an Application to the Scheme does not guarantee any award of Scheme funding, but the date on which an Applicant submits its Application can be used as the start date for eligible expenditure that can be defrayed for the purposes of the Grant Funding Agreement in the event that a Grant Funding Agreement is subsequently awarded.  
**PLEASE NOTE THAT THERE IS NO GUARANTEE THAT ANY PROJECT WILL RECOUP ANY EXPENDITURE INCURRED AT RISK OR WILL BE ISSUED A GRANT FUNDING AGREEMENT – PLEASE ALSO NOTE THAT DESNZ NEEDS TO CONSIDER THE MINIMUM GRANT NECESSARY AND MAY (WHERE APPLICANT’S HAVE ELECTED TO SPEND CONSIDERABLE SUMS IN ADVANCE AND AT RISK) TAKE EXPENDITURE DEFRAID PRIOR TO AWARD OF A GRANT FUNDING AGREEMENT INTO ACCOUNT IN THIS REGARD.**
- Applicants are advised not to make any irrevocable commitments to incur Project expenditure prior to submitting their Application. For the reasons above, Applicants are also advised that they should not make any irrevocable commitments to incur Project expenditure in reliance on funding by DESNZ at any point prior to finally executing a Grant Funding Agreement.
- Applicants should note that DESNZ provides no assurance that any further funding will be available beyond the Scheme.
- DESNZ reserves the right not to accept any Application or make any grant and reserves the right to cancel the Scheme before it has completed (whether in whole or in part) or at any time before any Grant Funding Agreement is agreed and executed.
- DESNZ reserves the right to amend the Scheme Cap from time to time. Where it does so, it will notify all Applicants in writing.

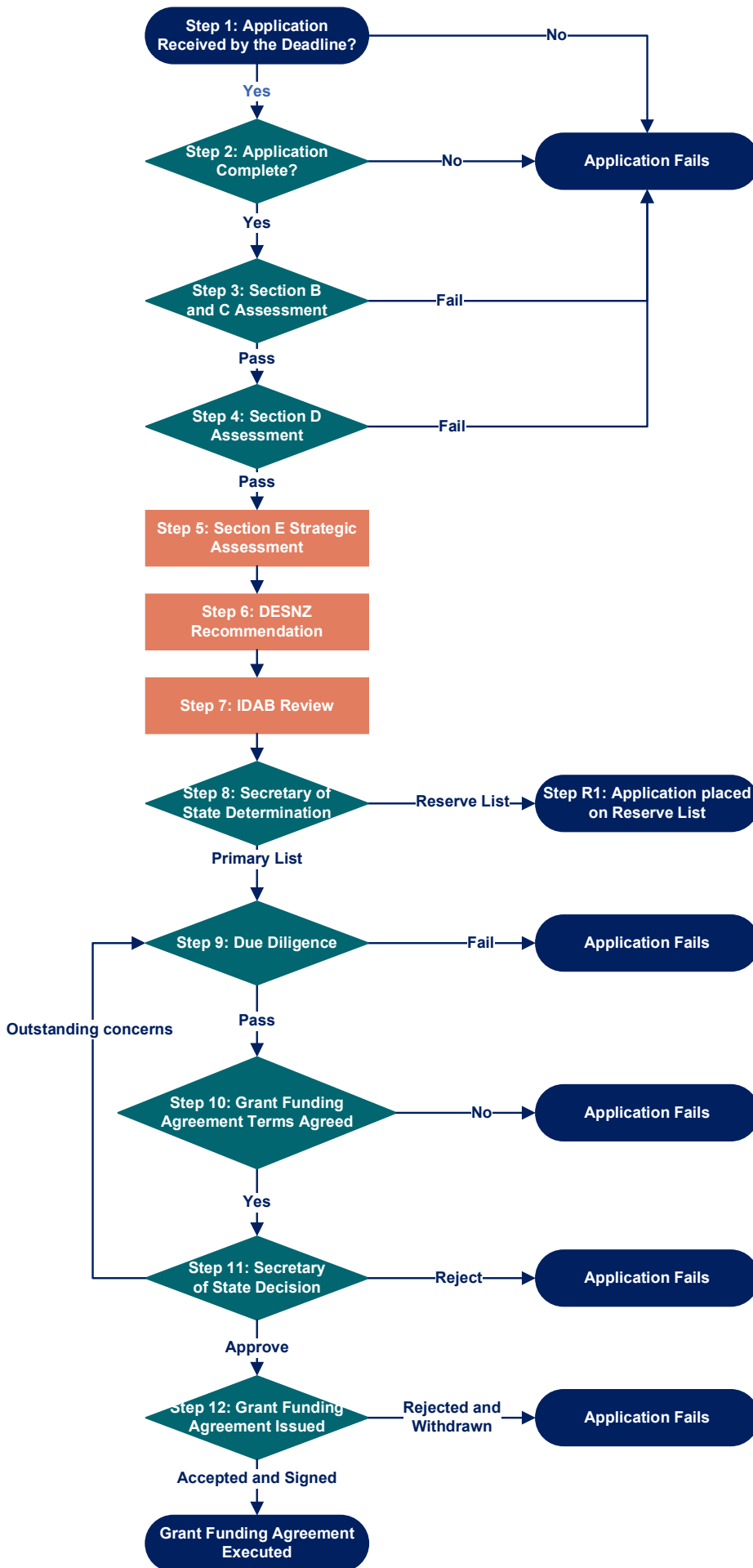
- Any award from the Scheme must comply with the applicable subsidy control regime (please note this may if applicable require consideration of use of any other public funding and may also necessitate compliance with the EU State aid regime). Any Scheme funding will be conditional upon this requirement. This is explained further in paragraph 9 of this Guidance.

## 3 Step by Step Guide

### 3.1 Application and Assessment Process

DESNZ will assess Applications in accordance with the process set out in this paragraph 3. The following diagram summarises the assessment process that DESNZ will follow:





## **STEP 1: APPLICATION RECEIVED BY THE DEADLINE**

Applications must be submitted by 23:59 (UK BST) Sunday 27 August 2023 and must include the following documentation:

- Application Form 1;
- Application Form 2;
- a business case or business plan;
- CVs for key personnel critical to the delivery of an Applicant's Project;
- key financial information;
- delivery plans for the construction phase of an Applicant's Project;
- a procurement strategy for an Applicant's Project;
- all planning and consent documentation required for the delivery of an Applicant's Project;
- a project risk register;
- evidence of commercial interest, agreement or commitment that an Applicant has received from future users of an Applicant's Project;
- a completed Northern Ireland Protocol Questionnaire and Declaration form;
- a legal opinion verifying the compliance of an Applicant's Project with the prevailing subsidy control rules; and
- any additional information which may be pertinent to an Applicant's Application.

Further information on the documentation required is set out in paragraph 5 of this Guidance.

Relevant documents should be completed as set out in this Guidance and in accordance with any other documentation related to this Scheme. Where an Application is submitted that is not complete, DESNZ reserves the right to reject that Application or to interpret the Application based on the information received.

Notwithstanding the above, DESNZ may (if it elects to do so and at its absolute discretion) clarify Applications or to allow submission of additional information after 23:59 (UK BST) Sunday 27 August 2023.

Please be advised that DESNZ will not accept whole Applications submitted after 23:59 (UK BST) Sunday 27 August 2023.

## **STEP 2: APPLICATION COMPLETE**

DESNZ will review Applications received by 23:59 (UK BST) Sunday 27 August 2023 to confirm that the Applications are complete (i.e., Applicants have provided all relevant information in accordance with **Step 1**).

At **Step 2** (and throughout the process) DESNZ may (at its absolute discretion) contact Applicants to clarify any Applications (or parts of Applications) which are unclear, contain genuine mistakes, gaps or omissions. Where DESNZ contacts an Applicant, the Applicant must respond as soon as possible with the information requested. Where a Project change arises for reasons outside the reasonable control of an Applicant, DESNZ may allow an Applicant to provide what DESNZ considers (in its absolute discretion) to be non-substantial updates to its Application.

DESNZ is under no obligation to clarify or allow updates to any Application. Where an Application is incomplete, inconsistent, vague or ambiguous, or where an Applicant seeks to update its Application or does not provide information in the times requested, DESNZ reserves the right to reject the Application.

If at any time throughout the process it becomes apparent that an Application should not have passed **Step 2**, the assessment will be discontinued, and the relevant Application will be rejected.

Further information on completing Section A of Application Form 1 is set out in paragraph 4.1 of this Guidance.

### **STEP 3: SECTION B AND SECTION C ASSESSMENT**

DESNZ will assess an Applicant's response to Sections B and C of Application Form 1. Sections B and C contain essential **PASS/FAIL** criteria. Applications must clearly pass all **PASS/FAIL** requirements in Sections B and C.

If an Applicant does not pass both Section B and Section C, the Application will be rejected.

If at any time throughout the process it becomes apparent that an Application should not have passed **Step 3**, the assessment will be discontinued, and the Application will be rejected.

Further information on completing Sections B and C of Application Form 1 is set out in paragraphs 4.2 and 4.3 of this Guidance.

### **STEP 4: SECTION D ASSESSMENT**

DESNZ will assess the full Application and accompanying documents against the criteria in Section D of Application Form 1. Section D comprises the following assessment areas:

- D1 Economic;
- D2 Commercial;
- D3 Technical; and
- D4 Financial.

During the Section D assessment, DESNZ may request further details in relation to an Application. It is essential that any such request is responded to as quickly as possible. This may include a request for an Applicant to supply all executive decision-making documents

supporting the Project (i.e., documents demonstrating the approval of authorised individuals to apply to the Scheme). DESNZ reserves the right to reject an Application if there are significant delays or failures in providing any requested information.

Section D contains some essential **PASS/FAIL** criteria. Applications must clearly pass all **PASS/FAIL** requirements in Section D. If an Applicant does not pass all **PASS/FAIL** criteria, the Application will be rejected.

As part of the Section D4 Financial Assessment, DESNZ will consider the amount of Scheme funding sought by the Applicant. If DESNZ concludes that the amount of funding requested is not the minimum necessary to enable the Project to proceed and/or deliver the best value for money for the UK taxpayer, it may adjust the grant amount for the Project to an amount that it considers (in its absolute discretion) necessary to achieve these objectives. Further information on the determination of the appropriate grant amount is set out in paragraph 4.4 of this Guidance.

## **STEP 5: SECTION E STRATEGIC ASSESSMENT**

DESNZ will undertake a qualitative analysis of all Applications that progress to **Step 5**, based on the outcome of **Step 4** and its view of the Application (and all other Applications) against the Strategic Objectives for the Scheme.

The Scheme's Strategic Objectives and further information on completing Section E of Application Form 1 are set out in paragraph 4.5 of this Guidance.

There are no **PASS/FAIL** criteria in this Section E.

## **STEP 6: DESNZ RECOMMENDATION**

DESNZ will use the outcome of the **Step 5** assessments to recommend that Applications are placed on a Primary or Reserve List.

The Primary List will include Applications that are collectively within the Scheme Cap that DESNZ consider best meets the Strategic Objectives.

The Reserve List will include all other Applications that reached **Step 6**.

## **STEP 7: IDAB REVIEW**

The Industrial Development Advisory Board ("**IDAB**") will be asked to advise on the recommended Primary List and the Reserve List, and the grant amount recommended for each Application (grant amounts for Applications on the Reserve List will also be considered at this stage in case there is any cause to call for Applications from the Reserve List later in the process).

IDAB's advice will be combined with DESNZ recommendations to inform the Secretary of State's determination in **Step 8**.

Further information on the role of IDAB is set out in paragraph 3.3 of this Guidance.

## **STEP 8: SECRETARY OF STATE DETERMINATION**

The Secretary of State will ultimately determine the Applications placed on the Primary List and the Reserve List and the proposed grant amount for each Project, taking into account information from the process to date and IDAB advice (this may also include matters such as subsidy control risk).

**PLEASE NOTE: THIS IS A DISCRETIONARY GRANT. IN DETERMINING WHICH APPLICANTS WILL BE PLACED ON THE PRIMARY LIST, THE SECRETARY OF STATE WILL TAKE INTO ACCOUNT INFORMATION PROVIDED BY APPLICANTS, DESNZ RECOMMENDATIONS, IDAB'S REVIEW AND ANY OTHER CONTEXT SENSITIVE INFORMATION.**

DESNZ will notify Applicants of the Secretary of State's determination, stating whether their Applications have been placed on the Primary List or the Reserve List and the proposed grant amount for their Project.

Notification at this stage does not guarantee the award of any Scheme funding. The award of Scheme funding will remain subject to conditions including satisfactory completion of due diligence, detailed subsidy control review and the agreement and execution of a Grant Funding Agreement.

## **STEP 9: DUE DILIGENCE**

Applicants on the Primary List must complete due diligence of numerous matters to the satisfaction of DESNZ. It is not possible to list these matters in this Guidance as they will be Project dependent, but due diligence will likely include (without limitation) verification of several aspects of the Project as well as further technical, financial, and legal due diligence. A critical part of due diligence will be ensuring the Applicant's Project is and will remain viable.

A further critical part of due diligence will be demonstrating compliance of the Application with relevant subsidy control rules (to the satisfaction of DESNZ). This may include submission of the proposed Grant Funding Agreement (and supporting rationale) to the Competition and Markets Authority pursuant to s.52 of the Subsidy Control Act 2022. Further information on this is set out below in paragraph 9.

DESNZ reserves the right to reject an Application from the process (or require amendments to the terms of any Grant Funding Agreement) if due diligence identifies any challenges or issues (in the view of DESNZ), in respect of the Project, public value, subsidy control compliance and/or any discrepancies with information provided in the Application that DESNZ deems unacceptable, or if an Applicant fails to provide requested information within agreed timeframes. In this context, if DESNZ rejects an Applicant they may follow the "Option to Call Reserve List Applications to the Primary List" process outlined in paragraph 3.2 and DESNZ may make an offer of Scheme funding to an Applicant on the Reserve List.

Completion of due diligence will not (of itself) release funding or entitle an Applicant to funding. Any funding will remain subject to agreement to DESNZ's proposed form of Grant Funding Agreement. In the due diligence stage, DESNZ may set out a number of conditions precedent to making the draft Grant Funding Agreement available to an Applicant.

DESNZ may re-assess the appropriate grant amount during the due diligence stage. If, through due diligence, DESNZ concludes that the amount of funding sought is not the minimum necessary to enable the Application to proceed and/or deliver the best value for money for the UK taxpayer, it may adjust the grant amount for the Project to an amount that it considers (in its absolute discretion) necessary to achieve these objectives. It will be this amount that will be included in the Grant Funding Agreement.

### **STEP 10: GRANT FUNDING AGREEMENT TERMS AGREED**

DESNZ will set out and agree terms for the Grant Funding Agreement with an Applicant. Please note the agreement of terms in principle will be required as part of the due diligence phase.

Where an Applicant does not agree to the Grant Funding Agreement required by DESNZ or does not do so within the time required by DESNZ, DESNZ reserves the right to remove that Applicant from the Primary List (meaning that the Application will be rejected from the process and will not be eligible to receive a Grant Funding Agreement). In this context, following the process outlined in paragraph 3.2, DESNZ may make an offer of Scheme funding to an Applicant on the Reserve List.

Further information on the Grant Funding Agreement is set out in paragraph 3.4 of this Guidance.

### **STEP 11: SECRETARY OF STATE DECISION**

The Secretary of State must formally approve and sign off the Grant Funding Agreement before it can be issued. The Secretary of State may (at its discretion within the public law rules at this stage) reject or amend the Grant Funding Agreement or request further information relating to any outstanding concerns. Where the Secretary of State rejects the Grant Funding Agreement, the Applicant will be rejected from the process and will not be eligible to receive a Grant Funding Agreement. In this context, following the process outlined in paragraph 3.2, DESNZ may make an offer of Scheme funding to an Applicant on the Reserve List.

DESNZ will notify the Applicant of the Secretary of State's decision.

### **STEP 12: GRANT FUNDING AGREEMENT ISSUED**

The Grant Funding Agreement will be issued to the Applicant for formal signature.

The Applicant should sign and return the Grant Funding Agreement to DESNZ promptly. The Applicant will need to comply with the conditions in the Grant Funding Agreement to receive Scheme funding.

If an Applicant refuses to agree to the terms of the Grant Funding Agreement, or unduly delays the process, DESNZ reserves the right to withdraw the offered Grant Funding Agreement (meaning the Applicant is rejected from the process and will not be eligible to receive a Grant Funding Agreement). In this context, following the process outlined in paragraph 3.2, DESNZ may make an offer of Scheme funding to an Applicant on the Reserve List.

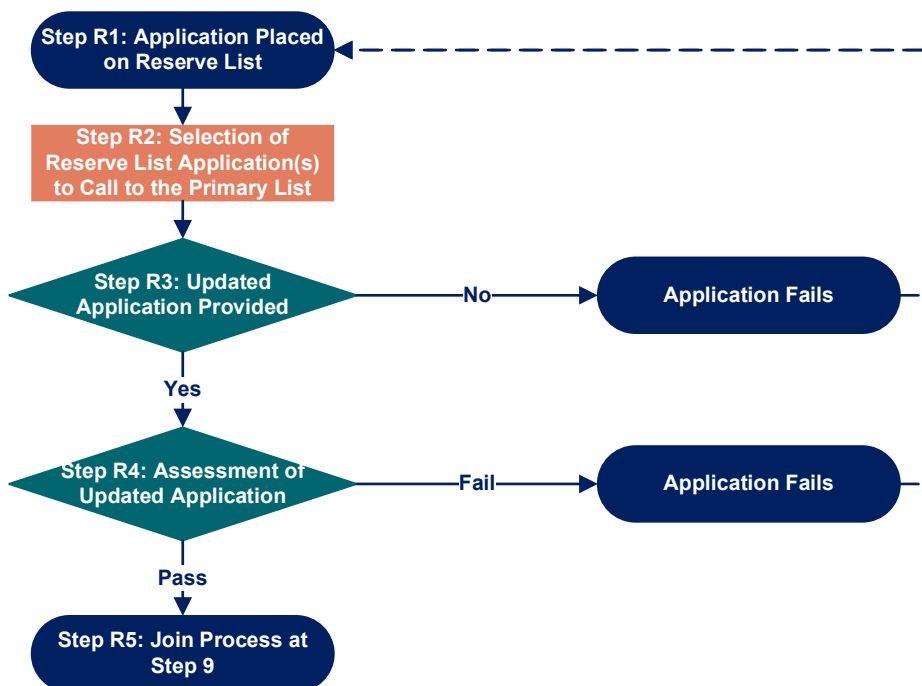
Once a Grant Funding Agreement is executed, this Grant Funding Agreement will govern the relationship between DESNZ and the Applicant.

Further information on the Grant Funding Agreement is set out in paragraph 3.4 of this Guidance.

### 3.2 Option to Call Reserve List Applications to the Primary List

If at any time, an Applicant on the Primary List is rejected from the process, DESNZ reserves the right to consider one or more of the Applicants on the Reserve List for Scheme funding. Please note that this is at DESNZ’s absolute discretion and DESNZ may elect not to consider any Applicant on the Reserve List.

The following diagram outlines the process through which DESNZ may call Applicants from the Reserve List:



#### STEP R1: APPLICATION PLACED ON THE RESERVE LIST

Following **Step 8**, Applicants will be notified if they have been placed on the Reserve List.

#### STEP R2: SELECTION OF RESERVE LIST APPLICATION(S) TO CALL TO THE PRIMARY LIST

If at any time an Applicant on the Primary List is rejected from the process, DESNZ reserves the right to reconsider one or more of the Applicants on the Reserve List for Scheme funding. Where DESNZ wishes to call an Applicant from the Reserve List, DESNZ will review all Applicants on the Reserve List and select the most appropriate Applicant(s) to call to the Primary List.

In selecting Applicant(s) to call, DESNZ will consider the:

- outcome of the Section D assessment, including the appropriate grant amount for the Project(s) determined by DESNZ;
- Strategic Objectives in Section E;
- other Application(s) already on the Primary List that have received (or will receive subject to the successful completion of due diligence and the agreement to and execution of the proposed form of Grant Funding Agreement) Scheme funding; and
- remaining funding within the Scheme Cap.

### **STEP R3: UPDATED APPLICATION PROVIDED**

Reserve List Applicant(s) identified as appropriate to call to the Primary List will be asked to submit to DESNZ any required amendments to their original Applications. These amendments should be minor in nature and DESNZ reserves the right not to proceed with any Reserve List Applicant where this is not the case. DESNZ also reserves the right not to proceed with an Applicant if a Reserve List Applicant fails to provide requested information within agreed timeframes.

### **STEP R4: ASSESSMENT OF UPDATED APPLICATION**

DESNZ will assess the impact of any amendments provided in **Step R3** and as a result will decide whether an Applicant on the Reserve List is appropriate to call to the Primary List. Where DESNZ decides that a Reserve List Application is appropriate to call to the Primary List, it will be placed on the Primary List and DESNZ will notify the Applicant in writing. Where DESNZ decides that a Reserve List Application is not appropriate to call to the Primary List it will remain on the Reserve List, DESNZ will notify the Applicant in writing, and DESNZ reserves the right (but is not obliged) to consider other Applications on the Reserve List.

### **STEP R5: JOIN PROCESS AT STEP 9 (DUE DILIGENCE)**

If a Reserve List Application is called to the Primary List, it will be treated as though it had been placed on the Primary List in the first instance, and the Application will continue through the process outlined in paragraph 3.1 of the Guidance from and including **Step 9**.

## **3.3 IDAB**

IDAB provides robust, independent, business advice to ministers on large business investment decisions.



IDAB's key objective is to ensure that taxpayers' support is only given to Projects that merit it and represent best value for money. IDAB members are chosen to provide a range of expertise from industry, banking and the wider community. All IDAB members are experts in their field.

IDAB will advise on DESNZ's recommendations for Applications to be placed on the Primary List and the Reserve List and the grant amount recommended for each Project. If IDAB concludes that the amount of funding requested is not the minimum necessary to enable the Project to proceed and/or deliver the best value for money for the UK taxpayer, it may propose that the grant amount for the Project is adjusted to an amount that it considers (in its absolute discretion) necessary to achieve these objectives.

### 3.4 Grant Funding Agreement

The Grant Funding Agreement will be drafted in line with the DESNZ standard form Grant Funding Agreement. This comprises a Final Grant Offer Letter and associated terms and conditions.

The terms of the Grant Funding Agreement are not negotiable. DESNZ reserves the right to adapt the standard terms of the Grant Funding Agreement for its needs in respect of the relevant Project which may include (amongst other things) a requirement to satisfy a number of conditions precedent defined in the Grant Funding Agreement to release tranches (or indeed all) of the grant funding. If the terms of the Grant Funding Agreement are not acceptable to an Applicant, DESNZ may reject their Application and not issue them a Grant Funding Agreement.

As a condition of the award of a Grant Funding Agreement, DESNZ will require (unless there are exceptional circumstances where no further confidence as to the creditworthiness of an Applicant is required):

- a parent company guarantee from the Applicant's ultimate parent company or immediate parent company if the Applicant does not have an ultimate parent company; or
- where the Applicant does not have a parent company or a parent that DESNZ is sufficiently convinced can provide a satisfactory parent company guarantee, a guarantee from a bank or other entity with an investment grade credit rating

in each case to the satisfaction of DESNZ and in respect of liabilities under the Grant Funding Agreement. If required by DESNZ, this is compulsory and must be provided by the Applicant. If an Applicant fails to do so, DESNZ may reject their Application and not issue them a Grant Funding Agreement. Applicants should bear this in mind when answering question A1.20 of Application Form 1.

## 3.5 Funding Amount

DESNZ expects the amount of Scheme funding requested by Applicants to be an accurate representation of the public funding requirement for the Project, and the minimum necessary to enable the Project to proceed and deliver the best value for money for the UK taxpayer. It also expects it to be demonstrably proportionate to the public policy objective identified in paragraph 9.

The amount of funding sought by any Applicant will not bind DESNZ. DESNZ will consider the amount sought as part of the Section D4 Financial Assessment (detailed in paragraph 4.4 of this Guidance). If, as part of the Section D4 Financial Assessment, DESNZ concludes that the amount of funding requested is not the minimum necessary to enable the Project to proceed and/or deliver the best value for money for the UK taxpayer, it may adjust the grant amount for the Project to an amount that it considers (in its absolute discretion) necessary to achieve these objectives. It will be this amount that DESNZ will assess and consider.

Equally during the IDAB review, if IDAB concludes that the amount of funding requested is not the minimum necessary to enable the Project to proceed and/or deliver the best value for money for the UK taxpayer, it may propose that the grant amount for the Project is adjusted to an amount that it considers (in its absolute discretion) necessary to achieve these objectives.

Applicants will be required to demonstrate that their Project is fully funded or very likely to be (including any grant amount). This may include demonstrating progress on securing other forms of funding required before a final investment decision can be taken. This will be assessed in determining the appropriate grant amount and as part of the Section D4 Financial Assessment.

DESNZ may revisit the appropriate grant amount during the due diligence stage. If, following due diligence, DESNZ concludes that the amount of funding sought is not the minimum necessary to enable the Project to proceed and/or deliver the best value for money for the UK taxpayer, it may adjust the grant amount for the Project to an amount that it considers (in its absolute discretion) necessary to achieve these objectives. It will be this amount that will be included in the Grant Funding Agreement.

## 3.6 UKIB

In preparing Applications, Applicants may require additional funding. Applicants are encouraged to explore all potential sources of investment ahead of submitting their Application for Scheme funding.

The UK Infrastructure Bank (“UKIB”) is a new, Government-owned policy bank. Its mission is to partner with the private and public sector to increase infrastructure investment across the United Kingdom.

UKIB's first [strategic plan](#), published in June 2022, highlighted UK ports and supply chains for offshore wind as investment opportunities. It recognises the barriers to private investment which they face and the risk this presents to achieving the Government's ambitions for floating offshore wind deployment.

In its unique position between the market and Government, UKIB can play a leading role in overcoming these barriers to investment.

Where possible, UKIB will invest on terms in line with other sources of finance.

UKIB can invest across the capital structure, including senior debt, mezzanine, debt guarantees and equity. All projects must meet its investment principles of:

- supporting regional and local economic growth or helping to tackle climate change;
- being infrastructure assets or networks, or new infrastructure technology;
- delivering a positive financial return; and
- crowding in significant private capital over time.

If an Applicant would like to discuss potential UKIB funding, please email [FLOWMIS@ukib.org.uk](mailto:FLOWMIS@ukib.org.uk). Assessment of project proposals for UKIB funding will be considered independently through UKIB's investment processes and any offer of funding will be subject to completion of satisfactory due diligence and legal documentation.

Please note that the assessment of project proposals for UKIB funding will be considered independently from Project proposals for the Scheme. Any issuance of UKIB funding for a Project will not in any way guarantee that the Project will be successful in securing Scheme funding and vice versa.

For the purposes of policy development and facilitating coordination of the deployment of floating offshore wind, DESNZ may draw support and expertise from UKIB and vice versa. If an Applicant has submitted an Application to the Scheme and an application for UKIB funding, DESNZ and UKIB may share information provided by the Applicant (including information in its Application) related to its financial standing and capacity to deliver its Project that may be pertinent to the assessment of its Application to the Scheme and/or its application for UKIB funding.

## 4 Assessment Criteria

### 4.1 Section A – Applicant and Project Information

Applicants will be required to complete all information in Section A of Application Form 1. Please note Section A has two parts (A.1 and A.2) which must be completed in respect of the Applicant.

Details of the Applicant must be provided, including confirmation that the Applicant is the entity receiving the Scheme funding, the entity undertaking the Project (and that owns/will own the assets to be constructed) and a company established in the UK.

If the Applicant is a consortium, full details of the consortium and its members must be provided as part of Section A in Application Form 1. Please note DESNZ does not accept Applications from consortia unless there is a lead Applicant who is willing to be solely responsible for the Grant Funding Agreement and associated liabilities to DESNZ.

If a consortium is proposing to create a separate corporate entity, it should provide details of the actual or proposed percentage shareholding of the constituent members within the consortium. If a consortium is not proposing to form a corporate entity, full details of alternative proposed arrangements should be provided. Where any information is required throughout this process in respect of an Applicant, DESNZ may require such information to be provided by all consortium members.

### 4.2 Section B – Applicant Legal Standing

Applicants will be required to complete all information at Section B in Application Form 1. Please note that Section B has two parts (Section B.1 and B.2). This is a **PASS/FAIL** requirement. The grounds on which DESNZ may determine that an Application has failed are set out in detail in Section B of Application Form 1.

Consortia shall ensure that Section B of Application Form 1 is satisfactorily completed by all constituent members.

Where an Applicant fails any requirements in Section B, their Application will be rejected from the process and will not be considered further.

### 4.3 Section C – Essential Project Criteria

The Essential Project Criteria are the essential criteria that DESNZ requires an Application to meet to receive Scheme funding. Applicants should expect to be held to these Essential Project Criteria in any Grant Funding Agreement. The Essential Project Criteria are the basic attributes which DESNZ believes a floating offshore wind port capable of supporting the

immediate ambition of 5GW by 2030 and wider pipelines developing in the UK must possess. Beyond this, Applicants are afforded flexibility as to how best to meet the Scheme’s overall objectives.

Selection of the Essential Project Criteria has been informed through industry research, including information submitted through the FLOWMIS Request for Information and the Floating Offshore Wind Taskforce, as well as recommendations made in the Floating Offshore Wind Centre of Excellence: Strategic Infrastructure and Supply Chain Development Report.

Projects must fulfil all Essential Project Criteria set out in Section C of Application Form 1. This is a **PASS/FAIL** requirement. If an Applicant does not pass all Essential Project Criteria, their Application will be rejected.

Initially, the Section C assessment will be based on self-certification. However, DESNZ may (in its absolute discretion and at any time) make a judgement on whether the Project meets the Essential Project Criteria using the information provided by the Applicant and any other information available to it. An Application that does not meet all Essential Project Criteria will be rejected. DESNZ reserves the right to amend the Essential Project Criteria at any point during the assessment process if it considers it necessary (in its absolute discretion).

The Essential Project Criteria are:

No.	Essential Project Criteria	Requirement to Pass
<b>C1</b>	The Applicant must be a UK registered company.	The Applicant is a UK registered company.
<b>C2</b>	The Applicant must be the entity that will own the constructed port assets that will result from the Grant Funding Agreement.	The Applicant is the entity that will own the constructed port assets that will result from the Grant Funding Agreement.
<b>C3</b>	<p>An amount of eligible expenditure equal to the amount of grant funding sought must be defrayed by the Applicant by no later than 31 March 2026.</p> <p><b>PLEASE NOTE THAT AS A TERM OF THE GRANT FUNDING AGREEMENT, DESNZ WILL RESERVE THE RIGHT TO REQUIRE A GREATER AMOUNT OF ELIGIBLE EXPENDITURE THAN THE AMOUNT OF THE GRANT FUNDING TO BE DEFRAYED</b></p>	The Applicant must set out its spend profile for the entirety of the Project and, whilst the spend profile for the entirety of the Project may be for a substantially longer period beyond 31 March 2026, eligible expenditure (as defined in C4) must be reasonably forecast to be defrayed by no later than 31 March 2026.

	<p><b>PRIOR TO THE RELEASE OF ANY GRANT FUNDING. IT MAY ALSO REQUIRE CERTAIN AMOUNTS OF FUNDING TO BE DEFRAIDED BY AN EARLIER DATE.</b></p> <p>For money to have been “defrayed”, liabilities must have been both incurred and discharged by payment. VAT, finance, and interest charges should be excluded. Evidence of expenditure defrayed must be retained and available to demonstrate the audit trail of all submitted costs. Tangible assets should be at the location/s of the funded activities and used exclusively at the premises.</p> <p>Scheme funding will not be available beyond 31 March 2026.</p> <p>Please note that for the purposes of this test, Applicants may incur expenditure on their project <b>at their own risk</b> from the point of submitting an Application to the Scheme. Submitting an Application to the Scheme does not guarantee any award of Scheme funding, but the date on which an Applicant submits its Application can be used as the start date for eligible expenditure that can be defrayed for the purposes of the Grant Funding Agreement in the event that a Grant Funding Agreement is subsequently awarded. <b>There is no guarantee that any project will recoup any expenditure incurred at risk or will be issued a Grant Funding Agreement.</b></p>	
<p><b>C4</b></p>	<p>The Scheme funding sought by the Applicant may only be in respect of eligible expenditure to be incurred by the Applicant. Eligible expenditure only relates to capital investment in:</p> <p>(a) the construction, replacement or upgrade of port infrastructure;</p>	<p>The Scheme funding sought relates only to eligible expenditure.</p>

	<p>(b) the construction, replacement or upgrade of access infrastructure; and/or</p> <p>(c) dredging,</p> <p>and should be able to be capitalised in accordance with International Financial Reporting Standards.</p> <p>Investment in factory production will not be considered eligible expenditure.</p>	
<b>C5</b>	<p>The Scheme funding sought by the Applicant must only be in respect of a maritime (as opposed to an inland) port based in the UK.</p> <p>A maritime port means a port principally for the reception of sea-going vessels.</p>	<p>The Scheme funding sought relates only to a maritime port based in the UK.</p>
<b>C6</b>	<p>The Project must support/enable one or more of the following activities:</p> <p>(a) turbine integration with floating wind foundation;</p> <p>(b) floating wind foundation assembly; and/or</p> <p>(c) floating wind foundation manufacture.</p>	<p>The Project supports one or all of the listed activities.</p>
<b>C7</b>	<p>The Project must provide a minimum water depth of 10 metres below Chart Datum at quayside.</p>	<p>The Project provides a minimum water depth of 10 metres below Chart Datum at quayside.</p>
<b>C8</b>	<p>The total amount of publicly funded subsidy (including the Grant Funding Agreement and any other subsidies, as defined in the Subsidy Control Act 2022 and associated regulations, whatsoever) sought must not exceed the following subsidy intensities:</p> <p>(a) 90% of the forecast eligible expenditure (as defined in C4) where the total eligible expenditure for the Project is not greater than £15 million;</p>	<p>The Scheme funding sought does not exceed the listed subsidy intensities.</p> <p>A subsidy intensity is to be calculated as follows (expressed as a percentage):</p> $X \div Y$ <p>Where</p>

	<p>(b) 80% of the forecast eligible expenditure (as defined in C4) where the total eligible expenditure for the Project is greater than £15 million and less than £40 million; and</p> <p>(c) 60% of the forecast eligible expenditure (as defined in C4) where the total eligible expenditure for the Project is £40 million or greater.</p>	<p><b>X</b> = total amount of publicly funded subsidy (including the Grant Funding agreement and any other subsidies, as defined in the Subsidy Control Act 2022 and associated regulations, whatsoever) used in respect of the eligible expenditure (as defined in C4); and</p> <p><b>Y</b> = total amount of eligible expenditure (as defined in C4) for the Project.</p>
<b>C9</b>	<p>The Applicant must award all works contracts to deliver the Project on an open and competitive basis for the delivery of its funded investment in:</p> <p>(a) the construction, replacement or upgrade of port infrastructures;</p> <p>(b) the construction, replacement or upgrade of access infrastructure; and/or</p> <p>(c) dredging.</p>	<p>The Applicant confirms that it will award any such contracts on an open and competitive basis.</p>
<b>C10</b>	<p>The Applicant must make its port infrastructure available to interested users on an equal and non-discriminatory basis and on market terms.</p>	<p>The Applicant confirms that it will make its port infrastructure available to interested users on an equal and non-discriminatory basis and on market terms.</p>

## 4.4 Section D – Assessment Criteria

A critical part of the assessment of Applications is a review of the economic, commercial, technical and financial case for the Project. This takes place at the Section D assessment.

Section D comprises four assessed areas. Each area will be assessed using information provided in response to the relevant questions as well as information provided **across the full Application and accompanying documents**.

The assessment area, questions and assessment method are outlined in the following table:



Assessment Area	Questions	Assessment Method
<b>D1 Economic</b>	D1.1, D1.2 and D1.3	A single overall score is given to each assessment area.
<b>D2 Commercial</b>	D2.1, D2.3 and D2.3	The responses to the relevant questions for each assessment area will be read together, i.e., one aggregate score will be given to each of the Economic, Commercial and Technical assessment areas. The score will be either “low”, “medium” or “high” as described below.
<b>D3 Technical</b>	D3.1, D3.2, D3.3, D3.4, D3.5, D3.6, D3.7 and D3.8	
<b>D4 Financial</b>	D4.1, D4.2, D4.3, D4.4 and D4.5	Applicants must demonstrate a robust business plan and a financially sustainable business model. This will be assessed on the basis of all information available to DESNZ.  DESNZ may (in its absolute discretion) reject an Application at this stage if it fails to provide this.

## D1 Economic, D2 Commercial and D3 Technical Assessment

The responses to each of the questions in an assessment area will be considered in the aggregate. For example, in assessing question D1 the responses to D1.1, D1.2 and D1.3 will be read together, rather than being allocated a score or a weighting for each question. Any other relevant parts of an Applicant’s Application and any relevant accompanying documents will also be considered when a score is given.

For each of the assessment areas D1, D2 and D3 an Application will be given a score of “low”, “medium” or “high” as described in the following table:

<b>D1 Economic Assessment Criteria</b>
<p>Assessment of the Application to consider whether and the extent to which the Applicant’s Project provides value for money based on:</p> <ul style="list-style-type: none"> <li>• the number and pay of jobs to be supported by an Applicant’s Project;</li> <li>• the extent to which the workforce of an Applicant’s Project is upskilled;</li> <li>• the wider economic benefits due to impact on regional area, agglomeration, transport economic efficiency, increase in land values, etc; and</li> </ul>

- the amount of Scheme funding applied for by an Applicant’s Project and any other public sector support promised or received for an Applicant’s Project.

The economic assessment will also be informed by:

- whether the Application is based on credible and robust estimates and evidence; and
- whether the project demonstrates ‘additionality’ across the benefits claimed. This will assess how credible the stated counterfactual is based on the evidence provided. This will be used to confirm that the benefits claimed can be considered as ‘additional’ to the stated counterfactual.

Score	Description
Low	<p>On the basis of the Application provided there is a low level of confidence that the Project will provide:</p> <ul style="list-style-type: none"> <li>• value for money in terms of wage premium benefits;</li> <li>• wider benefits; and/or</li> <li>• a positive regional impact; and/or</li> <li>• there is a low level of confidence in the estimates or evidence provided.</li> </ul> <p>A “Low” score may be particularly appropriate where the Application may:</p> <ul style="list-style-type: none"> <li>• raise concerns (that are material) regarding the satisfaction of the economic assessment criteria; and/or</li> <li>• fail to address adequately one or more of the aspects of the economic assessment criteria.</li> </ul>
Medium	<p>On the basis of the Application provided there is a reasonable level of confidence (as a minimum in each case) that the Project will provide:</p> <ul style="list-style-type: none"> <li>• value for money in terms of wage premium benefits;</li> <li>• wider benefits;</li> <li>• a positive regional impact; and</li> <li>• there is (as a minimum) a reasonable level of confidence in the estimates or evidence provided.</li> </ul> <p>A “medium” score may be particularly appropriate where the Application may raise some minor concerns, but it generally satisfies the economic assessment criteria and generally addresses each of the aspects of the economic assessment criteria.</p>
High	<p>On the basis of the Application provided there is confidence (as a minimum in each case) that the Project will provide:</p>

	<ul style="list-style-type: none"> <li>• value for money in terms of wage premium benefits;</li> <li>• wider benefits;</li> <li>• a positive regional impact; and</li> <li>• there is (as a minimum) a high level of level of confidence in the estimates or evidence provided.</li> </ul> <p>A “high” score may be particularly appropriate where the Application is free from concerns and it satisfies in full the economic assessment criteria and addresses in full each of the aspects of the economic assessment criteria.</p>
--	---

## D2 Commercial Assessment Criteria

<p>Assessment of the Application to consider:</p> <ul style="list-style-type: none"> <li>• the level and credibility of commercial interest, agreement or commitment with future users of the Applicant’s Project that will support the deployment of floating offshore wind;</li> <li>• the risk associated with the level and credibility of commercial interest, agreement or commitment required for the Project to proceed to final investment decision in time to receive support through the Scheme; and</li> <li>• wider commercial plans for the Project and the Project’s alignment to the objectives of the Scheme.</li> </ul>	
---	--

<b>Score</b>	<b>Description</b>
Low	<p>On the basis of the Application provided there is a low level of confidence that:</p> <ul style="list-style-type: none"> <li>• there is sufficient and credible interest in the Project related to the deployment of floating offshore wind; and/or</li> <li>• there is sufficient interest, commitment or agreement from those involved in the deployment of floating offshore wind for the Project to proceed to final investment decision in time to receive support through the Scheme; and/or</li> <li>• wider commercial plans for the Project align to the objectives of the Scheme.</li> </ul> <p>A “low” score may be particularly appropriate where the Application may raise material concerns regarding the satisfaction of the commercial assessment criteria and/or fail to address adequately one or more of the aspects of the commercial assessment criteria.</p>

<p>Medium</p>	<p>On the basis of the Application provided there is a reasonable level of confidence (as a minimum in each case) that:</p> <ul style="list-style-type: none"> <li>• there is sufficient and credible interest in the Project related to the deployment of floating offshore wind;</li> <li>• there is sufficient interest, commitment or agreement from those involved in the deployment of floating offshore wind for the Project to proceed to final investment decision in time to receive support through the Scheme; and</li> <li>• wider commercial plans for the Project align to the objectives of the Scheme.</li> </ul> <p>A “medium” score may be particularly appropriate where the Application may raise some minor concerns, but it generally satisfies the commercial assessment criteria and generally addresses each of the aspects of the commercial assessment criteria.</p>
<p>High</p>	<p>On the basis of the Application provided there is confidence (as a minimum in each case) that:</p> <ul style="list-style-type: none"> <li>• there is sufficient and credible interest in the Project related to the deployment of floating offshore wind;</li> <li>• there is sufficient interest, commitment or agreement from those involved in the deployment of floating offshore wind for the Project to proceed to final investment decision in time to receive support through the Scheme; and</li> <li>• wider commercial plans for the Project align to the objectives of the Scheme.</li> </ul> <p>A “high” score may be particularly appropriate where the Application is free from concerns, and it satisfies in full the commercial assessment criteria and addresses in full each of the aspects of the commercial assessment criteria.</p>

### D3 Technical Assessment Criteria

Assessment of the Application to consider whether and to what extent:

- the Project has the capability to support or enable one or more of required activities outlined in C6 of the Essential Project Criteria;
- the Project has the necessary skill and expertise in place to deliver;
- the Project delivery plan is strong and comprehensive and has adequate processes of assurance in place;

<ul style="list-style-type: none"> <li>• information provided by the Applicant indicates a realistic possibility that eligible expenditure can be made by 31 March 2026 (if relevant, in accordance with the Scheme Allocation) (note this may tie to Essential Project Criteria C3);</li> <li>• the key risks to the Project have been correctly identified and appropriate mitigating actions are in place to manage these risks;</li> <li>• the Project has a suitable and deliverable procurement strategy in place to deliver the Project; and</li> <li>• the procurement strategy demonstrates a commitment to ethical practices within the Applicant’s development and supply chain.</li> </ul>	
Score	Description
Low	<p>On the basis of the Application provided there is a low level of confidence that:</p> <ul style="list-style-type: none"> <li>• the Project has the capability to support or enable one or more of required activities outlined in C6; and/or</li> <li>• the Project has the necessary skill and expertise in place to deliver; and/or</li> <li>• the Project delivery plan is strong and comprehensive and has adequate processes of assurance in place; and/or</li> <li>• information provided by the Applicant indicates a realistic possibility that eligible expenditure can be made by 31 March 2026 (if relevant, in accordance with the Scheme Allocation) (note this may tie to Essential Project Criteria C3); and/or</li> <li>• the key risks to the Project have been correctly identified and appropriate mitigating actions are in place to manage these risks; and/or</li> <li>• the Project has a suitable and deliverable procurement strategy in place to deliver the Project; and/or</li> <li>• the procurement strategy demonstrates a commitment to ethical practices within the Applicant’s development and supply chain.</li> </ul> <p>A “low” score may be particularly appropriate where the Application may raise concerns regarding the satisfaction of the technical assessment criteria and/or fail to address adequately one or more of the aspects of the technical assessment criteria.</p>
Medium	<p>On the basis of the Application provided there is a reasonable level of confidence (as a minimum in each case) that:</p> <ul style="list-style-type: none"> <li>• the Project has the capability to support or enable one or more of required activities outlined in C6;</li> <li>• the Project has the necessary skill and expertise in place to deliver;</li> </ul>

	<ul style="list-style-type: none"> <li>• the Project delivery plan is strong and comprehensive and has adequate processes of assurance in place;</li> <li>• information provided by the Applicant indicates a realistic possibility that eligible expenditure can be made by 31 March 2026 (if relevant, in accordance with the Scheme Allocation) (note this may tie to Essential Project Criteria C3);</li> <li>• the key risks to the Project have been correctly identified and appropriate mitigating actions are in place to manage these risks;</li> <li>• the Project has a suitable and deliverable procurement strategy in place to deliver the Project; and</li> <li>• the procurement strategy demonstrates a commitment to ethical practices within the Applicant’s development and supply chain.</li> </ul> <p>A “medium” score may be particularly appropriate where the Application may raise some minor concerns, but it generally satisfies the technical assessment criteria and generally addresses each of the aspects of the technical assessment criteria.</p>
High	<p>On the basis of the Application provided there is confidence (as a minimum in each case) that:</p> <ul style="list-style-type: none"> <li>• the Project has the capability to support or enable one or more of required activities outlined in C6;</li> <li>• the Project has the necessary skill and expertise in place to deliver;</li> <li>• the Project delivery plan is strong and comprehensive and has adequate processes of assurance in place;</li> <li>• information provided by the Applicant indicates a realistic possibility that eligible expenditure can be made by 31 March 2026 (if relevant, in accordance with the Scheme Allocation) (note this may tie to Essential Project Criteria C3);</li> <li>• the key risks to the Project have been correctly identified and appropriate mitigating actions are in place to manage these risks;</li> <li>• the Project has a suitable and deliverable procurement strategy in place to deliver the Project; and</li> <li>• the procurement strategy demonstrates a commitment to ethical practices within the Applicant’s development and supply chain.</li> </ul> <p>A “high” score may be particularly appropriate where the Application is free from significant concerns, and it satisfies in full the technical assessment criteria and addresses in full each of the aspects of the technical assessment criteria.</p>

Please note that assessment areas D1, D2 and D3 are each scored and represent **PASS/FAIL** criteria. If an Application scores “low” for any of assessment areas D1, D2 or D3, it will be deemed to have “failed” Section D and will be rejected.

DESNZ reserves the right to carry out any of the elements of the Section D assessment at any time during the process. An Applicant can therefore be rejected at any time during the process if it scores “low” for any of assessment areas D1, D2 or D3.

### D4 Financial Assessment

The Section D4 Financial Assessment will comprise two key areas as follows:

#### *Financial Viability Assessment*

Applicants must demonstrate a robust business plan and a financially sustainable business model. This will be assessed based on all information available to DESNZ (including information provided by the Applicant) and will be conducted in line with industry best practice and may include (but will not be limited to) checks that the Applicant:

- has sufficient liquidity (i.e., is capable of covering its short-term commitments);
- is not part of a group:
  - that would almost certainly go out of business in the short to medium term without subsidies;
  - that is unable to pay its debts as they fall due; or
  - where the value of its assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities;
- is financially autonomous (i.e., is capable of covering its debt costs);
- is solvent (i.e., is capable of covering its medium and long-term commitments);
- is profitable or has the realistic potential to be profitable; and
- has met all of its statutory obligations in relation to its company finances.

Please note that this part of Section D4 Financial Assessment represents a **PASS/FAIL** criteria. DESNZ may (at its absolute discretion) reject the Applicant at this stage if it does not pass the above checks.

#### *Minimum Amount Necessary*

The Section D4 Financial assessment will also determine whether the amount of Scheme funding requested by the Applicant is the minimum necessary to enable the Project to proceed and/or deliver the best value for money for the UK taxpayer. It will do this in light of the public policy objective identified in paragraph 9. DESNZ will undertake this assessment in line with good industry practice and using a Green Book analysis. Green Book guidance is aimed at public servants and sets out an approach for appraising policies, programmes and projects.

Applicants are not required to comply with the Green Book, but it may be a useful point of reference as Green Book principles will be used to assess all Applications.

If DESNZ concludes that the amount of Scheme funding requested is not the minimum necessary to enable the Project to proceed and/or deliver the best value for money for the UK taxpayer, it may adjust the grant amount for the Project to an amount that it considers (in its absolute discretion) necessary to achieve these objectives. DESNZ may take a view about long-term revenues likely for the Project and will factor this into its decision making.

DESNZ may make requests for further information prior to taking this decision. These requests may cover a range of topics and may include a request to supply executive decision-making documents supporting the proposed Project (for example, demonstrating the approval of authorised individuals to apply to this process). DESNZ may also request information about any other public funding or subsidy used for the Project.

As part of the D4 Financial Assessment DESNZ will also ensure that any amount of grant funding complies with all of the relevant Essential Project Criteria including C8. DESNZ will also undertake an initial subsidy control analysis at this stage. This too may factor into the minimum amount necessary.

Before adjusting the grant amount, DESNZ may (but is not obliged to) hold discussions with an Applicant. If an Applicant's grant amount is adjusted, the Application will be taken forward based on the adjusted grant amount and the Applicant will be required to submit an updated business plan in consideration of the adjusted grant amount.

Please note that DESNZ will also consider any other public support for the Project at this stage and will consider this in the aggregate with any grant funding to be offered.

## 4.5 Section E – Strategic Assessment

The Applicant's full Application **and accompanying documents** will be considered and assessed during the Strategic Assessment. The Strategic Assessment involves the consideration of Applications against the Strategic Objectives of the Scheme.

Applications will be assessed against the following Strategic Objectives:

- the outcome of the Applicant's assessment against the economic, commercial, technical and financial criteria at Section D;
- the extent to which the Project will contribute towards the UK's ambition of achieving 5GW of floating offshore wind generation capacity by 2030;
- the extent to which the Project will contribute towards the wider floating offshore wind pipelines in the UK developing through the Scotwind, Celtic Sea and INTOG leasing rounds;



- the extent to which the Project will coordinate with other facilities to form part of a joined up **regional** delivery process for the deployment of floating offshore wind in the region and how the finished Project will operate in conjunction with other facilities to do so;
- the extent to which the Project will coordinate with other facilities to form part of a joined up **national** delivery process for the deployment of floating offshore wind in the UK and how the finished Project will operate in conjunction with other facilities to do so; and
- the requirement to effectively utilise and distribute the maximum amount of funding available to it (i.e., achieve value for money for the UK taxpayer with funding available). Please note that this objective includes the available Scheme Cap and, due to annual departmental budgetary allocations, the allocation of funding for the Scheme on a year-by-year basis (“Scheme Allocation”).

As at the date of this Guidance the Scheme Allocation means that (of the Scheme Cap) £70 million will be made available for successful Projects between 1 April 2024 and 31 March 2025 and for defrayed expenditure between the date the application is received and 31 March 2025 and £90 million will be made available for successful Projects and must be defrayed between 1 April 2025 and 31 March 2026.

DESNZ may revise the Scheme Allocation from time to time to the extent it is able to do so and where public finances allow. For example, DESNZ may do this where it is both able to do so and to do so would facilitate a series of awards that DESNZ considers best meets the Strategic Objectives. However, where DESNZ is not able to amend the Scheme Allocation, this may change the outcome of the assessment of Applications against the Strategic Objectives. DESNZ may require expenditure to be defrayed in line with the Scheme Allocation as a condition of relevant Grant Funding Agreements.

DESNZ is not able to provide weightings for the assessment of Applications against the Strategic Objectives. All Strategic Objectives are material in the round. **Applications will not be ranked in Section E and prior scores (as per Section D) are just one of the Strategic Objectives.** Rather the Strategic Objectives enable DESNZ to make an assessment of all remaining Applications against the national picture and requirement for the deployment of floating offshore wind.

Applications will be considered together and relative to one another in respect of the Strategic Objectives. The Strategic Objectives list the relevant considerations that will inform the assessment decision.

The Section E assessment will produce a combination of Applications that DESNZ determines best meets the Strategic Objectives overall within the Scheme Cap. The assessment will be used by DESNZ to determine which Applications may be offered a Grant Funding Agreement. The internal team at DESNZ will recommend that the Applications that (collectively) align best with both the Strategic Objectives and fit within the Scheme Cap are placed on the Primary List. DESNZ will recommend that other Applications will be placed on the Reserve List. There are no **PASS/FAIL** criteria in this Section E assessment.

## 5 Accompanying Documents

Alongside Application Form 1, a complete Application must include the accompanying documents, described in this paragraph 5, in one of the following formats:

- Microsoft Office document formats (.doc, .ppt, .xls, etc.);
- Adobe Acrobat .pdfs; and
- images in .jpg where appropriate.

Other file formats may only be used with the prior agreement of DESNZ.

### **Application Form 2**

- Please provide details on project finance, jobs, training, on site investments and wider benefits in the provided format.
- Please provide evidence for the assumptions and sources an Applicant has used. The quality of estimates and supporting evidence will form part of the assessment.
- Examples of good practice would include consulting suppliers to obtain evidence of additional jobs and investment they will undertake to meet an Applicant's Project demands and consulting relevant sector/location studies that estimate employment impacts on the supply chain.

Please provide all financial information, job estimates and training information in financial years (April-March).

### **A business case or business plan**

This should not exceed 50 pages and should clearly demonstrate the following:

- The strategic rationale for the Project - an explanation of the rationale behind the Applicant's strategic decision to develop the Project.
- The case for investment in the Project: evidence of investment decision which could include discounted cash flow, internal rate of return, net present value or payback calculations. Any calculations provided should be exact replicas of those that are used internally to make the decision to proceed with the Project. In addition, the calculations provided should follow the Applicant's standard investment appraisal criteria utilised by the Applicant in their capital investment decision making (e.g., if the Applicant has set a precedent of using discounted cash flow calculations over 15 years for their capital investment decision making, they should use the same for this Application).
- The funding model – this should match information on the funding model provided in Section D4 of Application Form 1.
- The requirement for Government funding – demonstrate that the Project cannot proceed without the Government support; and that the amount of grant requested is the minimum necessary to enable the Project to proceed.

Please provide all financial information, job estimates in financial years (April-March).

### **CVs for key personnel critical to the delivery of an Applicant's Project**

- CVs should be up to two sides of A4 each.
- Key personnel will include but not necessarily be limited to the senior management team, project director and project manager.
- This should also include evidence of in-house engineering and compliance capability.

### **Key financial information**

Key financial information must include:

- The most recent two sets of statutory accounts (covering three financial years of results) of both the Applicant company and the consolidated accounts for the ultimate parent where applicable.
- Draft accounts where the year-end has passed, and the statutory accounts are not yet available. These accounts should be provided both for the Applicant and ultimate parent where applicable.
- Management accounts (including balance sheets) for the Applicant company covering the period since the latest period end in statutory accounts and draft accounts. These should also be provided for the ultimate parent where applicable.
- Financial forecasts including this Project, i.e. profit and loss, cash flow and balance sheets for the Applicant company to cover the remainder of the current financial year and a further four years. These should also be provided for the ultimate parent where applicable.
- The total budget for the Project overall, including both capital and revenue budget lines and provide a quarterly expenditure profile for each line covering the whole Project lifespan.
- Financial forecasting for the Project. Forecasts should show the calculated return on investment and financial viability of the Project. Please note that the forecasts should also include the evidence that there would be a gap in funding or reaching the required and reasonable return on investment for the Project without a grant and evidence that issues regarding the gap in funding or lack of return on investment as noted above are resolved by the amount of grant being requested.
- The amount of any other public funding received for the Project.
- All information required to demonstrate compliance with the eligibility criteria.
- Evidence of all other sources of funding likely to be used for the Project and sufficient to demonstrate the Project is or is likely to be fully financed.

Please provide all financial information in financial years (April-March).

### **Delivery plans for the construction phase of an Applicant's Project**

Delivery plans for the construction phase of an Applicant's Project should include:

- Key milestones and dependent activities, submitted in the form of a Project plan. This should be evidenced as a Gantt chart and any timeline detailing the critical path or other supporting analysis, an overview sheet of Project milestones and a dependency log.
- Evidence of any external assurance or audit activities that have been undertaken to ensure that the risk of optimism bias has been mitigated.

### **A procurement strategy for an Applicant's Project.**

The procurement strategy should outline the approach to procurement and construction, including information relating to any existing contracts. This should include information as to the ways in which the Applicant will seek to develop and manage their supply chain.

### **All planning and consent documentation required for the delivery of an Applicant's Project.**

This should include but not necessarily be limited to:

- Evidence of planning consents.
- The status of any planning/consents not yet secured.
- The position of statutory agencies on proposals (issues, current position, etc.).
- Accompanying documents.
- Design document.
- Process flow diagrams.
- Implementation/construction methodology.
- Any other permits and approvals.

### **A project risk register**

This should include detail of all Project risks, including detailed information relating to technical construction and planning risks as well as detail relating to pre- and post-mitigation analysis and plans to manage identified risks.

### **Evidence of commercial interest, agreement or commitment that an Applicant has received from future users of an Applicant's Project.**

This could include, for example, letters of intent that demonstrate an intention from offshore wind manufacturers to occupy the site shortly after completion. Evidence of commercial agreements need not be legally binding at this stage, but this would be welcomed.

Please note, DESNZ will not accept non-disclosure agreements (NDAs) as evidence unless sufficient detail can be provided to the satisfaction of the assessment team.

### **A completed Northern Ireland Protocol Questionnaire and Declaration form.**

Please complete the Northern Ireland Protocol Questionnaire and Declaration form. Where it is likely that the Northern Ireland protocol applies to an Applicant's Project please also set out (in the legal opinion below) compliance with EU State aid rules.

**A legal opinion verifying the compliance of an Applicant's Project with the applicable subsidy control rules**

This will be a legal opinion taking into account the applicable subsidy control regime and the matters set out in paragraph 9 below.

**Any additional information which may be pertinent to an Applicant's Application**

This could cover any further information in support of an Applicant's Application, as well as photographs and/or charts that are not possible to include in this Application Form. If there is any information that DESNZ should be aware of which is not covered elsewhere in an Applicant's Application, please include it here.

## 6 Timeline

The following is an indicative timeline for the Scheme:

Milestone	Planned completion date
<b>Scheme launch – Application window opens</b>	Thursday 30 March 2023
<b>Application window closes</b>	23:59 (UK BST) Sunday 27 August 2023
<b>Assessment and Recommendation</b>	Monday 28 August 2023 – Winter 2023
<b>Notification of Secretary of State Determination</b>	Winter 2023
<b>Due Diligence and Grant Funding Terms Agreed</b>	The length of time to undertake due diligence will be project dependent. It may also incorporate review by the CMA on subsidy control grounds (see further information in paragraph 9).
<b>Grant Agreement Issued</b>	This will depend on the completion of Due Diligence and the agreement of Grant Funding Agreement terms.

In certain circumstances it may be necessary to adjust the timeline and DESNZ reserves the right to do so at its absolute discretion. Applicants will be informed of any adjustments to the timeline.

## 7 Application Support and Help

DESNZ is fully committed to ensuring Applicants are supported throughout the Scheme process, and that Applicants questions are answered at each stage of the process. If Applicants require any further clarification or information relating to their Application in the meantime, please email [FLOWMIS@beis.gov.uk](mailto:FLOWMIS@beis.gov.uk) and DESNZ will endeavour to respond as soon as possible.

If an Application passes **Steps 1, 2 and 3** (outlined in paragraph 3.1 in this Guidance), that Application will be assigned a Case Officer. The role of the Case Officer will be to request or distribute relevant Scheme information. As such, they may ask Applicants to provide further information to clarify or expand on the information already provided.

The Case Officer will be an Applicant's first point of contact within DESNZ and will endeavour to answer any questions Applicants may have about the process. Please note that answers provided by the Case Officer may be anonymously provided to the other Applicants to ensure all Applicants have the same information.

Case Officers will not be permitted to assist an Applicant in altering or improving any element of an Application.

## 8 Right of Appeal and Feedback

DESNZ is under no obligation to provide feedback to any unsuccessful Applicant. However, Applicants that are rejected from the process during the Section D assessment may request feedback and DESNZ may (at its discretion) provide feedback to the Applicant based on summary comments from its assessment. Beyond this, DESNZ will not provide any additional feedback nor will it discuss the Application any further.

There is no set appeals process and DESNZ is not responsible for any costs associated with the Application.

## 9 Subsidy Control and Other Legal Requirements

DESNZ will only issue Grant Funding Agreements where it considers that issuance of such agreements is in compliance with the applicable subsidy control rules. DESNZ will reject any Application where it is not content that a Grant Funding Agreement cannot be issued in compliance with the relevant subsidy control rules.

The relevant subsidy control rules are primarily set out in the Subsidy Control Act 2022 (“SCA”), but there are a narrow range of circumstances where the EU State aid rules apply and the UK’s wider international obligations may apply. Where EU State aid rules apply the process with the CMA described below will not be followed but Applicants will nonetheless have to demonstrate compliance to the reasonable satisfaction of DESNZ.

DESNZ considers that the Scheme is NOT a subsidy scheme within the meaning of the SCA<sup>1</sup>. This means that prior to issuing any Grant Funding Agreement DESNZ will need to undertake a detailed case-by-case subsidy control assessment. DESNZ will also be required to post notification of any Grant Funding Agreements on the Subsidy Control register and will likely (in the majority of cases) have to refer any proposed Grant Funding Agreement to the Competition and Markets Authority (“CMA”)<sup>2</sup>. Any referral to the CMA will be made during the due diligence phase for any Application on the Primary List. Applicants should understand that:

- The outcome of any report by the CMA may result in DESNZ requiring amendments to any draft Grant Funding Agreement or reaching a view that it is not able to issue a Grant Funding Agreement to an Applicant in accordance with the SCA and rejecting an Application.
- Applicants may be required to produce information to assist DESNZ in any referral process. They will have to provide relevant information at short notice and any failure to do so may result in rejection of an Application.
- The report produced at the end of the CMA process is a matter of public record and information about the Grant Funding Agreement and the Applicant will need to be shared by DESNZ with the CMA. Such information may in turn become public. Please note that while DESNZ will take all steps it can to keep information noted as “confidential”, it reserves the right to share all information provided by Applicants with the CMA and (in turn) notes that this information may enter the public domain as a result of the CMA reporting process.

---

<sup>1</sup> This view has been taken due to the nature of different Applicants. A view has been taken that matters such as proportionate funding in respect of the public policy objective will vary significantly on a case by case basis as such each Grant Funding Agreement should be assessed on a case by case basis.

<sup>2</sup> Pursuant to section 52 of the SCA, a public authority must refer a subsidy of particular interest to the Subsidy Advice Unit of the Competition and Markets Authority before awarding it. DESNZ considers that it is highly likely that any Grant Funding Agreement issued under the Scheme will be a subsidy of particular interest under the SCA.



In advance of issuing this Scheme DESNZ has considered the subsidy control position. In particular DESNZ has considered that the Scheme is aimed at addressing a particular public policy objective (in summary this is as follows):

- DESNZ has concluded that there is an overriding social and environmental imperative to continue to facilitate the UK's work to lower greenhouse gas emissions by way of the use of renewable energy. The Climate Change Act 2008 commits the UK government by law to reducing greenhouse gas emissions by at least 100% of 1990 levels (net zero) by 2050. The delivery of renewable technologies will form a key part of achieving this. Offshore wind specifically provides clean, renewable energy with very low marginal costs. The UK already has the most installed offshore wind capacity in Europe.
- The British Energy Security Strategy set out the UK Government's ambition to deploy up to 50GW of offshore wind which includes up to 5GW of floating offshore wind. There is an emerging pipeline of floating offshore wind projects across the UK and the technology has the potential to open up greater areas of the UK seabed that are inaccessible to fixed bottom offshore wind projects.
- The floating offshore wind sector is still at an early stage of commercial development. There are a number of barriers that could limit the technology's ability to deploy at scale and sufficiently reduce costs. One of these barriers could be the availability and capacity of localised infrastructure with the capability to support key construction activities.
- DESNZ has identified that there is a strategic need for delivery for at least one (if not more) UK based integration port(s) to facilitate floating offshore wind. For the UK pipeline, this requires UK based ports as non-UK ports largely sit outside of this distance requirement.
- DESNZ has identified that public sector support may be required due to the large scale of capital investment required and the need for port developers to achieve secure long-term revenue streams to make such investments.

The Essential Project Criteria and Strategic Objectives have been shaped by this public policy objective and provide parameters for any Grant Funding Agreement. However, DESNZ is seeking evidence from Applicants as to the need and appropriateness of the exact amount of Grant funding required to achieve the public policy objective in their specific case. As referred to above, Applicants should address in their Applications why the amount of grant funding sought is the minimum necessary and should turn their minds the proportionality of sums sought against this public policy objective.

Applicants must confirm that they understand that they will be in part responsible should any Grant Funding Agreement awarded to them be found to be in breach of relevant laws and rules related to subsidy control. DESNZ therefore, as set out as part of the required accompanying documents in paragraph 5, requires Applicants to provide DESNZ with:

- a form about the application of the Northern Ireland Protocol; and
- a legal opinion verifying compliance with the prevailing subsidy control rules (whether under the SCA or EU State aid regime as applicable) and (where the SCA applies)

addressing compliance with subsidy control principles (please note that DESNZ will not substitute its own view for that of any Applicant but will use what is provided to inform its own view).

Applicants should note that Grant Funding Agreements will include a provision whereby Scheme funding will be clawed back if any grant funding is found to be unlawful.

In their legal opinion verifying compliance with applicable subsidy control rules:

- An Applicant that has received (or plans to receive) any other public funding must set out any cumulative impact on compliance. Namely, they must take into account all relevant public funding.
- An Applicant that is a Trust Port must set out any specific subsidy control implications as a result of their status as a Trust Port, including detail of any other public funding received. DESNZ expects this to be taken into account by an Applicant that is a Trust Port in relation to the amount of Scheme funding requested.
- An Applicant that is a Freeport or a Green Freeport must set out the specific subsidy control implications as a result of their status as a Freeport or a Green Freeport, including detail of any other public funding and any other direct or indirect benefits received (including, for example, tax benefits). DESNZ expects this to be taken into account by an Applicant that is a Freeport or a Green Freeport in relation to the amount of Scheme funding requested.

At all times Applicants are responsible for notifying DESNZ of any information that might affect their position with respect to compliance with subsidy control.

Any funding award will be subject to relevant laws and rules related to subsidy control and any other relevant legal requirements. DESNZ reserves the right to negotiate alterations to terms and conditions of the successful Applicant's grant award to ensure compliance with relevant subsidy control arrangements (or indeed the outturn of any CMA report).

DESNZ also reserves the right to consider subsidy control compliance as part of the Application review process at any time. If DESNZ has concerns that a Project proposal is unlikely to comply with the relevant subsidy control regime, DESNZ may at any time during the Application process request further information on how the approach will comply or will likely comply. This may take into account use of all public funds where multiple public funds are being used in a Project. If an Applicant cannot provide this information, DESNZ reserves the right not to award Scheme funding to an Applicant's Project – and an Applicant may be rejected (this may occur at any point in the process).

## 10 Disclosure of Information

Reasons for decisions in respect of Applications will be recorded at all stages for the purposes of good administration and to ensure that there is a clear audit trail for all decisions.

Administrative records will be maintained for all Applications irrespective of whether they are successful or not.

All information provided by Applicants may be disclosed in accordance with DESNZ's legal obligations (including under the Freedom of Information Act 2000 ("FOIA"), the Data Protection Act 2018 ("DPA"), General Data Protection Regulation and the Environmental Information Regulations 2004 ("EIR") in the event that a request for information is received). More information on the FOIA and EIR (including information on exemptions) can be found at: <https://ico.org.uk/for-organisations/>

To help DESNZ deal with information requests and without prejudice to the paragraph above, in paragraph 3 of Application Form 1, please set out the reasons why you consider any specific information should not be disclosed, including (if possible) by reference to the specific exemption contained in the relevant legislation (for example, because disclosure of the information would prejudice your commercial interests under section 43 of the FOIA), explaining why this is the case.

Where appropriate, please also state whether you consider your reasons for non-disclosure only apply for a particular time period. If we receive an information request, we will consider your views as stated on the Application Form. However, DESNZ will ultimately decide how to respond to an information request and whether any information should be withheld, subject to the Information Commissioner's Office decision in the event of the requestor appealing the decision.

---

This publication is available from: <https://www.gov.uk/government/publications/floating-offshore-wind-manufacturing-investment-scheme>

If you need a version of this document in a more accessible format, please email [alt.formats@beis.gov.uk](mailto:alt.formats@beis.gov.uk). Please tell us what format you need. It will help us if you say what assistive technology you use.