UK Government

Heat Pump Ready Programme Round 2

Innovation Funding Competition

Competition Guidance Document

Department for Energy Security and Net Zero (2026)

Any enquiries regarding this publication should be sent to us at: heatinnovation@energysecurity.gov.uk

Contents

Section 1: Introduction

This Competition Guidance document sets out details of the Heat Pump Ready (HPR) Programme - Innovation Funding Competition (”the Competition”). The Competition is open to new applicants and is independent of previous rounds of Heat Pump Ready funding.

The Competition is to provide up to £20m[1] of grant funding to support research and development projects, developing innovative technologies which focus on overcoming one of the following four identified barriers to heat pump uptake:

1. Capital cost of heat pump system hardware and components
2. In property changes required
3. Internal & external space requirement
4. Time taken for heat pump install from accepted quote

Applicants can seek grant funding between £200,000 to £2 million and successful project teams will be required to provide private funding alongside the grant funding provided from the competition. The level of private funding required for a project will depend on the type of innovation activity being funded, whether it is defined as industrial research or experimental development[2], and on the size and type of organisations receiving funding.

The key dates for the Competition are set out below (please note that all dates are subject to change):

Competition launch:	**21/04/2026**
Deadline for submission of applications:	**1pm UK time - 25/06/2026**
Projects start:	**01/02/2027**
Projects end (design, build, test complete):	**30/01/2030**
Grant funding agreement ends (final claim final and Reasonable Assurance Report provided:	**31/03/2030**

The Department will be hosting an online event for guidance on how to apply for the Competition at **16:00 on 6 May 2026**. To register to attend the Competition Guidance Event, please complete the following [MS Form to register for the event](), by **13:00 on 5 May 2026**. The link to join the event will be issued after this deadline. Please note that the session will not be recorded but slides will be made available after the webinar.

[1] DISCLAIMER: The Department has allocated up to £20m to this Innovation Funding Competition. However, the Department may decide to offer lower levels of funding than the maximum permitted under the rules of the Competition and may not allocate all the funding available. Additionally, the funding rules set out in this Guidance Document are specific to this Competition only.
[2] https://assets.publishing.service.gov.uk/media/63bc3bbed3bf7f262c5ad328/research-development-innovation-streamlined-route.pdf

Please use the following link to register to receive general Heat Pump Ready programme updates.

There will be opportunity for applicants to ask any questions they have relating to the application process. Questions should be emailed through to heatinnovation@energysecurity.gov.uk by **16:00 on 14 May 2026**.

A version one of questions and answers relating to the competition will be available here from **24 April 2026**. This document will be updated with responses to questions received by **22 May 2026**.

Section 2: Heat Pump Ready Programme Overview

Background to Heat Pump Ready Programme

Heat Pump Ready was established in 2021, as part of the Net Zero Innovation Portfolio (NZIP), and aimed to accelerate domestic heat pump adoption in the UK. The programme provided funding to 44 projects, working to overcome a wide range of barriers. The programme was structured over three streams; Stream 1 focused on developing innovative methodologies to achieve high-density heat pump deployment in target areas, Stream 2 supported the development of innovative tools and technologies to overcome the barriers to heat pump deployment, and finally, Stream 3 focused on collaboration and learning across the programme.

The programme also focused on developing partnerships across the market, through supporting project consortia working in collaboration and enabling projects to participate in events, both programme specific and wider external events. There was a strong focus on networking and collaboration to create optimal teams to overcome barriers across the supply chain. A community was created amongst the HPR funded projects through in-person events, including external industry events such as Installer Show, FutureBuild, and an annual HPR conference. Projects from Heat Pump Ready Stream 2 participated in quarterly online learning workshops as a consortium.

The programme achieved several key successes, for example where projects developed tools and technologies to reach commercialisation, including the development of more efficient systems to reduce lifetime costs, smaller heat pump systems to minimise home disruption upon installation and tools to simplify information gathering during the customer journey.

Overview of latest Heat Pump Ready opportunities

As announced in the Government’s Warm Homes Plan (WHP), a total of £30m of additional funding has been provided to HPR, which aims to accelerate the deployment of innovative heat pump technologies that will be key to support the decarbonisation of homes across the UK.

The Warm Homes Plan sets out an ambitious package of policies and support to grow the heat pump market. Our aim is that by 2030 the heat pump market will have expanded to over 450,000 installations per year, as heat pumps increasingly become the desirable and natural choice for households replacing an existing heating system at the end of its life. This is supported by other announcements in the WHP including an expansion of the Boiler Upgrade Scheme (BUS), launching new low-cost consumer loans, and cutting electricity bills by £150 on average. The WHP also committed to removing other barriers to heat pump adoption, including simplifying planning rules, removing EPC requirements for the BUS and working with industry to streamline the consumer journey by targeting 3-day installations from the point of customer signature. Additionally, the WHP is also investing to develop the heat pump supply chain through funding for manufacturing, via expansion of the Heat Pump Investment Accelerator, and skills and training, with annual funding of £7m for the Heat Training Grant.

While good progress is being made, uptake of heat pumps remains limited compared to boiler replacements, particularly in distress purchase situations[3].Widespread adoption of heat pumps depends on a broad range of solutions that are affordable, practical, and appealing to consumers with diverse needs and that are tailored to the UK's housing stock. Government is looking to support projects that can deliver products with mass-market appeal, helping to drive the significant increase in installations needed in the 2030s and beyond. This funding aims to accelerate the development of innovative heat pump technologies and systems that can achieve commercial viability and be deployed at scale by 2030 by supporting the overcoming of the following barriers:

- capital cost of heat pump system hardware and components
- in-property changes required
- internal & external space requirement
- time taken for heat pump install from accepted quote

Objectives

The aim of this funding is to facilitate the increased deployment of heat pumps by making them a more attractive proposition for consumers such that they become the default choice when replacing a fossil fuel heating system. This will be achieved by supporting the development and commercialisation of next generation heat pump systems and components that are quicker, cheaper, smaller, and less disruptive to install. This translates into the following primary objectives:

1. Advancing the Technology Readiness Level (TRL) of solutions which overcome the priority barriers to heat pump acceptance, by 2030.
2. Advancing the Commercial Readiness Level (CRL) of solutions which overcome the priority barriers to heat pump acceptance, such that they are commercially available on the market by 2030.

Delivery Approach

The HPR Programme is split into three separate opportunities:

- ***Innovation Funding Competition (this competition)***

Grant funding will be provided to projects to design, build and test innovative heat pump system technologies to achieve TRL 9 and CRL 9.

Further details of the grant funding opportunity are set out within this document.

- ***Acceleration Support***

HPR will offer Acceleration Support as a core enabler of the programme, delivered alongside grant-funded activity by an external provider (subject to successful procurement), to help

[3] The majority (~60%) of boilers are replaced only when they break (i.e. in distress purchase situations). Recognising that barriers to heat pump adoption arise in both distress and planned replacement scenarios, the programme is interested in innovations that can operate effectively across these contexts.

address barriers to market entry that individual projects may struggle to overcome on their own.

Further details of Acceleration Support activities are provided in Section 6.

- ***Programme evaluation***

Evaluation of the programme will be undertaken by a DESNZ-appointed independent third-party provider during the funded project period and beyond. The evaluation will assess the extent to which the programme has achieved its objectives and intended benefits, including its contribution towards addressing the four target barriers to heat pump adoption set out in Section 3. An Expression of Interest for interested bidders for this contract is expected to be launched by November 2027.

Further details of the evaluation activities can be found in Section 6.

Section 3: Competition Scope

The following section set out the scope of the competition, including the barriers to heat pump uptake being addressed, what is in-scope for funding, and the requirements for Technology Readiness Levels (TRL) and Commercial Readiness Levels (CRL).

Deployment barriers in scope

1. Capital cost of heat pump system hardware and components
2. In-property changes required
3. Internal & external space requirement
4. Time taken for heat pump install from accepted quote

As part of the application process, applicants must identify which barrier, from those above, the project is seeking to overcome. As set out in Section 9, this barrier selection will be used for the first stage of funding award process. **The Department reserves the right to reallocate applications to a different barrier where appropriate.** This reallocation will be conducted following the Department's initial eligibility check and applicants will be notified of any re-allocation prior to commencement of technical assessment.

To note, the overcoming of the targeted barrier in an application must not be at the detriment of another listed barrier. Similarly, the proposed innovation project must not result in increased running costs for the consumer.

Technology scope

This section, including Table 1 below, sets out the technologies that are in and out of scope for the funding competition. Where innovations materially influence the energy performance of heat pump systems, projects must demonstrate that the innovation, when integrated as part of a complete heat pump system, is capable of achieving a Seasonal Performance Factor of at least 3.5 in a real-world home environment by the end of the funded project period. More information on this requirement is included below.

In Scope:

- Electrically driven heating technology (i.e. a heat pump) or a constituent part or component of a heat pump system that provides heating and hot water to a domestic building[4].
- Heating technologies, or a component of a heating technology, which take ambient heat from either the air, ground or water.

[4] Air-to-air heat pumps are in scope as long as they are either installed a) as a standalone system to provide heat where the resident already has a separate hot water system in place (e.g., replacing storage heaters in flats), or b) to provide heat alongside a new hot water system (e.g., when a gas boiler is replaced).

- Hardware component(s) that make up a heat pump system
- For **Barrier 4 only** – innovative software products which relate to time taken for heat pump install from accepted quote

Out of scope:

- Heating technology which takes heat from a combustion source, e.g. gas, oil, or biomass
- For **Barriers 1 to 3**: standalone software solutions.
  *Note: Software development may only be included where it is an integral part of, or directly supports, the design, operation, control or integration of **innovative physical hardware** being developed which is the focus of the project.*
- Alternative and direct electric heating technologies, e.g. storage heaters, electric boilers, infrared heating, panel heaters, electric radiators, heat batteries (unless the heat battery operates as part of a heat pump system)
- Financial products, (e.g. loans, heat as a service products)

Evidencing Seasonal Performance Factor

Where innovations materially influence the energy performance of heat pump systems, projects must demonstrate that the innovation, when integrated as part of a complete heat pump system, is capable of achieving a Seasonal Performance Factor of at least 3.5 in a real-world home environment by the end of the funded project period. This means projects must record a minimum of 12 months' worth of performance data on an in-situ innovative heat pump system trialled within a home. All information on this requirement is included in Annex 14.

Table 1: Indicative Examples of In-Scope and Out-of-Scope Innovation Funding Competition Projects

Barrier	Examples of in-scope innovation projects	Examples of out-of-scope innovation projects
1. Capital cost of heat pump system hardware and components	• Utilising cheaper materials within the construction of thermal storage that do not compromise performance or longevity. • Reducing the number of parts within the heat pump unit.	• Financial products/services to address up front cost of heat pump, e.g. a loan product, heat as a service. • Standalone software solutions
2. In-property changes required	• Quality preliminary survey and design tools/hardware that increase the level of certainty during the heat pump system design process. This will increase the confidence of installers and will reduce the property changes to only those that are required and means that HPs are right sized for the property. • High temperature heat pumps that reduce or eliminate the need for radiator upgrades or pipework replacements during installation, that are more efficient when operating at higher flow temperatures. • Heat pumps systems that are compatible with existing home infrastructure, for example with micro-bore pipes, so this does not need to be replaced. • Developing cheaper, easier to fit, higher performing radiators that minimise disruption within the home.	• Standalone software-only survey tools • Standalone software solutions

	• Development of less disruptive pipework replacement processes.	
3. Internal & external space requirement	• Heat pump systems with smaller thermal storage within the home that is comparable to the size of a boiler / that fits in the space where the boiler was. • Wholly internally housed heat pump system providing heat and hot water of a size no bigger than a gas combi-boiler. • Smaller heat pump units.	• Software tool sizing heat pump to home • Standalone software solutions
4. Time taken for heat pump install from accepted quote	• A heat pump system that provides homeowners with heating and hot water within 24 hours from contract signature without using temporary measures. • Full heat pump system installed in 3 days from first contact with an installer to system fully installed and commissioned. • Heat pump system designs that are easier to install, pre-plumbed and/or modular components that are quicker and easier to install and require fewer adjustments during commissioning. • Installation-as-a-service, providing digital co-pilot to break installs into step-by-step workflows with stage gates and quality checks reducing install time to 2 days.	• Consumer journey software primarily focused on customer recruitment, sales, or quotation, rather than on post-acceptance delivery and installation processes.

	• Installer platform: end-to-end software from lead generation, heat loss calculations, proposal generation and post-install monitoring • Standalone software solutions	

Section 4: Competition Eligibility Requirements

To be eligible for funding in the Competition, projects must meet all of the following eligibility criteria:

1) Barrier scope:

Innovation developed under the Competition must support overcoming at least one of the four barriers to heat pump uptake outlined below and detailed in Section 3

1. Capital cost of heat pump system hardware and components
2. In-property changes required
3. Internal & external space requirement
4. Time taken for heat pump install from accepted quote

Does your innovation address at least one of the four target barriers listed above? YES/NO

Please indicate the primary barrier your application should be assessed against
☐ Capital cost of heat pump system hardware and components
☐ In property changes required
☐ Internal & external space requirement
☐ Time taken for heat pump install from accepted quote

2) Technology scope:

Innovation developed under the Competition must be within the scope outlined in Section 3 of the Competition Guidance.

Does your proposed project fall within the Competition scope (and not within out-of-scope categories)? YES/NO

3) Innovation and technology readiness:

Innovation funded must meet the following TRL/CRL criteria (See Annex 3 for definitions):

- Starting TRL: at least 5 and no higher than TRL 8
- Ending TRL: 9 (as part of a complete heat pump system by 30 January 2030)
- Ending CRL: 9 (as part of a complete heat pump system by 30 January 2030)

Can you confirm your project:

Has a **starting TRL of at least 5 and no higher than 8** YES/NO

Can achieve **TRL 9 and CRL 9 by 30 November 2029** as part of a complete heat pump system? YES/NO

Software-led Barrier 4 projects (time taken for heat pump install from accepted quote) may evidence delivery maturity using the GOV.UK Service Manual agile phases (discovery, alpha, beta, live). Where TRL is not a meaningful standalone measure, applicants may provide an indicative alignment between agile phase and TRL to demonstrate progression towards deployment readiness.

In such cases the project is expected to have already completed discovery phase by project start and TRL 9 is interpreted as a solution that is live, supported, and operating in real-world installation contexts as part of a complete heat-pump delivery system.

4) Efficiency:

Where innovations materially influence the energy performance of heat pump systems, projects must demonstrate that the innovation, when integrated as part of a complete heat pump system, is capable of achieving a Seasonal Performance Factor of at least 3.5 in a real-world home environment by the end of the funded project period (November 2029)? YES/ NO/ NOT APPLICABLE

To note not applicable should only be chosen for when the proposed innovation does not materially influence the heat pump system energy performance and therefore doesn't require demonstration of performance.

5) Industrial Research and Experimental Development

The research, development and innovation streamlined route to subsidy control used under this funding scheme has clear terms set when being utilised. As part of this the following requirements must be met:

- Subsidies under this funding competition may only be given for projects that meet the definition of Research, Development & Innovation (RD&I) and that fall within one of the 2 types of eligible RD&I projects – industrial research and experimental development.
- "Research and development" (R&D) are defined as activities which must be 1) novel, 2) creative, 3) uncertain in outcomes, 4) systematic, and 5) transferable and/or reproducible. All 5 criteria are to be met every time an R&D activity is undertaken, whether on a continuous or occasional basis.
- 'Innovation' means a new or improved product or process (or combination thereof) that differs from the previous products or processes and that has not been made available to potential users (product) or brought into use (process).

Section 8 of the competition guidance contains definitions for industrial research and experimental development.

Does the proposed project meet the Subsidy Control Act 2022: Streamlined Routes guidance definitions of industrial research and/or experimental development? YES/NO

Does the proposed project meet the Subsidy Control Act 2022: Streamlined Routes guidance definitions of research and development? YES/NO

Does the proposed project meet the Subsidy Control Act 2022: Streamlined Routes guidance definition of innovation? YES/NO

6) Project Status:

The Department cannot fund the development of processes, technologies or products that are already commercially deployed in their intended form for the UK market. Technologies commercially deployed internationally may be eligible if significant R&D is required to adapt, validate, or redesign them for UK conditions, regulations, or system integration

Can you confirm that your project:

- Does not involve a process, technology or product that is already commercially deployed in its intended form for the UK market? YES/NO
- Where deployed internationally requires significant R&D to adapt, validate or redesign it for UK conditions, regulations or system integration? YES/NO/NOT APPLICABLE

7) Match-funding:

In line with subsidy control principles, only a portion of the total eligible project costs can be funded by the Department through grant funding. Applicants will need to provide private sector funding to cover the balance of the eligible costs. This match-funding may come from a company's own resources or external private sector investors, but it may not include funding attributable to any public authority in the UK or elsewhere (please see Section 10 for full details of subsidy requirements).

Confirmation that match-funding will be available must be provided at the application stage. Before the Grant Offer Letter is issued, the applicant must demonstrate a credible plan to raise the match-funding required for the whole lifetime of the project.

Can you confirm that the required match-funding is secured, or is supported by credible evidence that it will be secured for the whole lifetime of the project? YES/NO

8) Project Location:

Eligible costs must be incurred in the UK and any subsidy recipients must intend to exploit the results of the project activity in the UK. Enterprises must be registered in the UK to be eligible to apply for funding, providing the project or activity is carried out in the UK and that they intend to exploit the resulting technology in or from the UK.

Can you confirm that all funded project activities will take place in the UK and that the results of the project will be exploited in or from the UK? YES/NO

9) Grant size:

The total expected grant size for a single project must be between a minimum of £200,000 and a maximum of £2m.

Details of subsidy ratios (indicating the level of private sector match funding that would be required) are set out in Section 8.

Can you confirm that you are seeking grant funding of an amount between £200,000 and £2m? YES/NO

10) Terms and Conditions:

Applicants must agree to the published Terms and Conditions to be eligible for innovation funding.

Details of the relevant Terms and Conditions will be published on the Competition web-page on **24 April 2026**

Can you confirm you agree to the terms and conditions? YES/NO

11) Project Duration and Timescales

Whilst there may be the opportunity to start earlier, projects should aim, where at all possible, to plan for a project start date of 1st Feb 2027. **All grant-funded activities must be completed by 30 January 2030.** Beyond this time projects have until no later than 31 March 2030 to submit their final claim and Reasonable Assurance Report.

Can you confirm that the project can start by 1 February 2027 (subject to completing Financial Due Diligence) and complete all grant-funded activities by 30 January 2030? YES/NO

Project Team Composition

Projects must be delivered by individual private sector businesses **(sole applicants)** or by a consortium of project partners led by a private sector business **(consortium applicants).** Private sector businesses of any size are eligible for funding in this Competition.

Sole applicants:

- Any sole applicant must be a private sector incorporated UK business or incorporated overseas but with a UK registered branch / establishment on Companies House with the necessary skills, experience and capacity to effectively deliver the proposed project.

Consortium applicants:

- **Consortium projects must be led by a private sector business** UK incorporated or incorporated overseas but with a UK registered branch / establishment on Companies House. This also applies to project partners.

- Must possess the necessary skills, experience and capacity to effectively deliver the proposed project.

- A single project application must be submitted to the Department by the lead consortium partner.

- Apart from the lead consortium partner, the other project team members in a consortium can be:

    - private sector businesses; or

    - academic, research, public, third sector or community organisations working as part of a project consortium with private sector organisations.

- The eligible project costs incurred by all non-business partners, carrying out non-economic work (e.g. Universities, Research and Technology Organisations (RTOs), public sector, third sector and community organisations) in a consortium must be **less than 30% of the total eligible project costs**. See Annex 1 for more details of eligible costs.

- Project partners are governed by the consortium agreement to which they form and sign up to.

Can you confirm your proposed project team meet the composition requirements as set out in this section? YES/NO

12) Stage Gate Delivery Approach

Projects will complete a Stage Gate review every 6 months following the project kick-off meeting until project end. More information on this can be found in Section 6 and Annex 5.

Can you confirm you accept the Stage Gate approach to grant delivery? YES/NO

Section 5: General Competition Conditions

Conflicts of Interest for HPR Suppliers

For research and analysis, conflict of interest is defined as the presence of an interest or involvement of the contractor, subcontractor (or consortium member) which could affect the actual or perceived impartiality of the research or analysis.

Acceleration Support Contractor and Evaluation Contractor

The Acceleration Support Contractor and the independent Evaluation Contractor (including any organisations involved in delivering these services) will not be eligible to apply for, or participate in, the Competition. This is to avoid any actual or perceived conflict of interest arising from their involvement in the delivery and evaluation of the programme.

Other Innovation Funding

Subject to the eligibility criteria set out in this Guidance, organisations of any size or sector can apply for funding through this Competition. This includes applicants that have previously received, or are currently receiving, DESNZ or public sector grant funding separate to the HPR Programme. However, applicants should refer to the Overview of Subsidy Control in Section 8 of this Guidance to ensure that they are not breaching maximum subsidy levels through government funding.

Please note any applications for funding through this Competition must be a brand-new project or at the very least extend the scope of previously or currently funded work to create substantively new products, applications or processes.

There will be no advantage accorded in the assessment process for organisations which have previously or are currently receiving public-sector funding. All applications will be treated on an equal basis in accordance with the Competition eligibility and assessment criteria. Applicants for due diligence purposes are asked to declare any previous (within the last 3 years) or current public sector funding awarded during the application process.

Multiple Applications

Applicants may not submit the same project scope under more than one barrier.

It is not acceptable to submit a project involving the same proposed technology parts and/or system to more than one barrier. Projects must not involve the same or substantially similar innovation being submitted against more than one barrier.

For the purposes of this Competition, this includes projects where the same underlying technology, component, system configuration, or innovative approach is proposed to address different barriers, even if framed differently.

An individual or lead organisation may only submit more than one application to a single barrier only where each application relates to a clearly distinct innovation and a significantly different project scope. However, where the Competition is oversubscribed, the Department reserves the right at the funding allocation stage to limit funding to a maximum of two applications per organisation, as set out in Section 12. **An organisation cannot lead or be a partner (Section 4) in any more than 3 submitted applications.**

In this context, an individual or lead organisation is identified at parent company level in cases where the parent company has effective control of the subsidiary company. Effective control can arise, for example where the parent entity has more than 50% of the voting rights or otherwise has the ability to control the decision making of the subsidiary. The parent and subsidiary are treated as the same company and regarded as a single organisation for the purpose of applications to this Programme.

Section 6: Requirements of funded projects

In addition to delivering the funded project, projects are required to engage, provide information and work collaboratively across the Heat Pump Ready Programme. This includes elements such as acceleration support activities, project reporting, regular engagement with allocated Monitoring Officer, adherence to Departmental financial accounting processes, participating in project stage gates, contribution to programme evaluation activities and complying with Departmental requirements on publicity. More information on each of these requirement areas is provided in this section.

Acceleration Support Services

Overview

The Competition provides grant funding to support innovations that address key barriers to the deployment of heat pumps, with the objective of supporting innovations to progress beyond research and development and towards market entry by 2030. Experience from previous innovation programmes shows that technical progress alone is often insufficient to achieve progress towards market entry. Projects must also build commercial readiness, delivery capability and routes to market, and benefit from collaboration and shared learning across the programme.

Acceleration Support will therefore be provided to projects, funded by the Department, as a core enabler of the grant-funded programme, delivered alongside grant-funded activity by an external provider (subject to the successful appointment of a provider following an open procurement process), to help address barriers to market entry that cannot be readily overcome by individual projects on their own.

Acceleration Support will be delivered across four work packages (WP):

1. Commercialisation
2. Collaboration
3. Dissemination
4. Social value

All projects will be required to participate in the Work Package 2 & 3 work (Collaboration and Dissemination) and will be offered optional support through Work Packages 1 & 4 (Commercialisation and Social Value).

The Acceleration Support provider will be subject to the Department's standard contractual requirements on confidentiality and conflicts of interest. Any sharing of project information will be limited to what is necessary to deliver Acceleration Support and will be handled in line with the grant funding agreement's information-sharing and confidentiality provisions.

WP1 - Commercialisation

Commercialisation support is a tailored Acceleration Support offering designed to help each project strengthen the commercial and technical foundations needed for successful market entry. It focuses on supporting projects to make progress against relevant Commercial Readiness Level (CRL) and Technology Readiness Level (TRL) targets during the funded period.

How support will be tailored

Projects will be asked to participate in an initial needs assessment with the Acceleration Support provider. This will be used to agree priority areas for support and to develop a bespoke Acceleration Plan for each project.The needs assessment is likely to explore areas such as:

- market engagement and customer value proposition
- route-to-market strategy and sales planning
- business processes and internal controls
- product/service design, development and launch planning
- team capability and governance
- funding, finance and investment readiness

What support may include

Depending on project needs, commercialisation support may include:

- tailored one-to-one support, such as coaching or specialist input in priority areas.
- group training and learning resources, such as masterclasses or workshops on common challenges.
- access to relevant networks, including facilitated introductions where appropriate (for example to potential partners, customers or investors).

The nature, timing and availability of support will be agreed with each project through the Acceleration Plan. Commercialisation support will be provided at no charge to projects, other than the time required from project staff to engage with the Acceleration Support provider.

<u>WP 2 - Collaboration</u>

Collaboration is an important part of being a Competition grant recipient. It is intended to support shared learning across the project cohort, avoid duplication, and help projects build relationships with the wider heat pump ecosystem that can support progress towards market entry.

Projects will be expected to participate in collaboration activities delivered through Acceleration Support. Further information on the nature of these activities, including expected engagement and timing, is set out in Table 2 below.

Where appropriate, collaboration activity delivered through Acceleration Support may help projects to identify and shape potential collaborative approaches that could, subject to availability and a separate application process, be taken forward through the Collaboration Fund (see Section 7 for further details).

<u>WP3 - Dissemination</u>

Dissemination is an important part of HPR, helping to share learning, evidence and lessons with the wider heat pump sector and support progress towards deployment.

Projects will be expected to engage with dissemination activity delivered through Acceleration Support, including reviewing and shaping content prepared by the Acceleration Support provider.

This will include a Project Case Study drafted for each project for publication on GOV.UK. Commercially sensitive information will not be published, and publication of project case studies on GOV.UK will be subject to project consent.

WP4 - Social value

Social value support is intended to help projects identify and, where appropriate, deliver additional social value outcomes. The focus is on supporting projects to build on what they are already planning to deliver, in ways that generate wider social benefits and strengthen the overall impact of the programme.

As part of Acceleration Support, the provider will deliver an initial social value orientation session for all projects. This session will introduce social value best practice and provide practical guidance on how projects may identify and approach social value opportunities in the context of HPR.

Projects that wish to take forward social value activity will be able to access tailored one-to-one support from the Acceleration Support provider. This may, for example, include support to develop, implement and monitor Social Value Action Plans.

The Acceleration Support provider will also prepare case studies showcasing social value outcomes achieved through the programme, for publication on GOV.UK.

Participation in Acceleration Support activities

Building on the activities described above, projects will be expected to engage with a programme of events and interactions designed to support commercialisation, collaboration, dissemination and social value outcomes over the course of the funded period.

Participation in collaboration, dissemination and social value activities (WP2–WP4) is a core part of the programme and is expected of all funded projects, as these activities support shared learning and the wider value of the programme.

Commercialisation support (WP1) is available to all projects and will be strongly encouraged where appropriate. However, participation in commercialisation support is optional, and projects may choose whether to take up this support based on their individual needs and stage of development.

Table 2 below sets out the anticipated activities, indicative timing and expected attendees. Where participation is expected, projects may include the associated costs of staff time, travel and subsistence within their Project Cost Breakdown Form, in line with the eligible cost rules for the programme.

This table includes the generic Acceleration Support activities that projects can plan and cost for, including specified elements of Commercialisation support (WP1) such as expert-led workshops and structured review sessions. Additional engagement with the Acceleration Support provider as part of tailored Commercialisation support (WP1) may be required for some projects. However, the scope, timing and nature of this engagement will vary on a project-by-project basis and will be agreed through bespoke support arrangements, rather than being pre-defined or separately costed.

All travel and subsistence associated with participation in Acceleration Support activities must be in line with Departmental policy. A summary of this policy is provided in Annex 1, with the full policy available on request and subject to change depending on Departmental updates to it.

Projects are eligible to capture the costs associated with participation in Acceleration Support activities within the existing sections of the Project Cost Breakdown Form (for example, staff time under Labour, and travel and accommodation under Travel & Subsistence). A separate cost category for Acceleration Support activities is not required.

Table 2: Participation in Acceleration Support activities

Activity	Format and Duration	Frequency	Expected Participant	Travel & Subsistence Eligible (for expected participants only)?
WP1 Expert-led commercialisation workshops	Half-day workshops bringing together projects to address common barriers and knowledge gaps. 2 held in-person and 2 held virtually.	4 over project lifetime (2 in-person, 2 virtual)	Project Lead	Yes
WP2 Collaboration workshops	Half-day, in-person, workshops allowing sharing of learnings and facilitating opportunities for cross-project collaboration.	Up to 4 over project lifetime	Project Lead	Yes
WP2 HPR Annual Conference	Full day, in-person, conference focused on highlighting project progress and lessons learned.	3 over project lifetime	Project Lead and Partners	Yes
WP2 Programme presence at industry	Full day/multi-day, in-person, presence at heat pump focused conferences, workshops or events organised by other organisations to allow dissemination of learnings.	Up to 3 over project lifetime	Project Lead	Yes
WP2 Speaking opportunity at industry event	Full day, in-person, attendance at relevant industry events (e.g. workshops and seminars) for individual projects to present.	Up to 1 in project lifetime	Project Lead	Yes
WP4 Social Value Action Plan Review Session	1-hour virtual sessions for projects taking on 1-to-1 social value support to assess progress against Social Value Action Plans.	3 in project lifetime	Project Lead	No
WP1 Strategic Review sessions for commercialisation support	2-hour virtual sessions for projects taking on 1-to-1 commercialisation support to assess progress against the Acceleration Plan, review TRL/CRL targets, and agree on priority support tasks and corrective actions.	Up to 14 in project lifetime	Project lead	No

WP4 Social Value orientation session	2-hour virtual event for all projects to explain programme social value objectives, reporting requirements, and best practices.	1 in project lifetime	Project Lead	No
WP3 Case Study review session	2-hour virtual session for project to work with Acceleration Support provider to identify and understand any feedback and gaps within drafts of project Case Studies for publication on gov.uk.	1 in project lifetime	Project Lead	No

The numbers shown above are indicative and provided to support project costing. Final formats and timings may be refined following appointment of the Acceleration Support provider.

Monitoring and Reporting

Regular monitoring and reporting of project progress are key to ensuring that funded projects deliver their intended objectives and comply with grant funding requirements. All funded projects will be required to meet monitoring and reporting obligations in line with the Grant Funding Agreement, which includes the provision of progress updates, financial information, and supporting evidence at intervals determined by the Department (see this Section and Annex 4).

It should be noted that information provided as part of the funding application, and during project delivery, will be shared within the Department for the purposes of programme delivery, grant management, assurance and evaluation This will also include sharing, to the extent necessary, with the Acceleration Support Provider and the Evaluation Contractor, in accordance with their DESNZ confidentiality contractual terms and the terms of the Grant Funding Agreement. Where required, additional arrangements may be put in place to support data sharing with these external providers appointed by the Department. More information is provided on these parties within this section.

Competition applicants can include, as part of their eligible project costs, the associated day rate for the required project staff to participate in the required monitoring and reporting activities, in addition to travel and subsistence costs. All travel and subsistence for the activities associated with monitoring and reporting must be in line with the thresholds and Department policy on travel and subsistence. Details of this are set out in Annex 1.

Project Monitoring Officer

Each funded project will be assigned a Department-appointed Project Monitoring Officer (PMO) who will act as the project’s primary point of contact with the Department throughout delivery. The PMO will be a grant specialist from the Department’s Central Grants and Loans

(CGL) team and will be responsible for grant management, monitoring compliance with the Grant Funding Agreement, and reviewing grant claims ahead of payment.

In addition, projects will be supported by a DESNZ Technical Manager, who will provide technical oversight and act as the Department's subject-matter specialist for the project.

Projects will meet with their PMO at the project start, to agree the delivery plan, the milestones, and the specific outputs that will be delivered alongside agreed evidence of completed deliverables, as well as a **quarterly claim schedule**. Only in very exceptional circumstances would the department consider more frequent claims.

PMOs are responsible for reviewing claims for work completed and will meet with projects on a quarterly basis. On alternate quarters (i.e. 6 monthly) the quarterly meeting will be a stage gate. More information on this process can be found in Annex 5. Technical Managers will meet with projects on a monthly basis. Annex 4 provides more information on what these meetings will cover.

Payment of Grant

For **quarterly claims** grant recipients will need to complete and submit, to their PMO, a fully documented claim. This will comprise of a claim form, transaction list, progress report and any other information specified in the Grant Funding Agreement. The PMO will then request required supporting evidence, on a sample basis, to enable them to review the claim. Payments are typically made within 1 calendar month from receipt of a fully documented claim.

If the claim review finds that evidence of completed deliverables is deemed not sufficient by the Department, this will be raised with the project. The PMO will set out what additional evidence is required and the timeline for its submission, in order for claim approval.

PMOs will be responsible for reviewing evidence, alongside Technical Managers supporting scrutiny of evidence of completed deliverables submitted.

The stages of a claim submission and review are, using an April Claim submission date as an example:

1st April	Lead applicant provides forecast of claim value
15th April	Signed claim form and supporting documents submitted
16th April- c30th April	PMO requests supporting evidence, reviews this alongside the claim form and makes a recommendation to the approver
15th May	Payment received by lead applicant.

Regular Reporting Requirements

Competition projects will be required to submit monthly written progress reports to their PMO, and to meet with their Technical Manager on a monthly basis to discuss project progress. The information required at these meetings is set out in Annex 4.

On a quarterly basis the projects will meet with both the PMO and Technical Manager. In addition to the monthly progress report specific reporting is required on a quarterly basis and this is explained in Annex 4. On alternate quarters (i.e. 6 monthly) the quarterly meeting will be a stage gate. Projects will also report on specific information on an annual basis up to 3 years post-funded project as described in Annex 4.

Table 3 sets out what will be required by project leads as part of project monitoring.

Table 2: Project Monitoring Arrangements

Frequency	Activity	Purpose
Monthly	Submit monthly written progress 3 working days in advance of meeting to PMO / Technical Manager	To provide information on project progress, risks/issues identified
Monthly	Meeting with project Technical Manager for 1 hour	To update Technical Manager verbally and discuss any project related issues/learning
Quarterly	Submit progress update slide pack 5 working days in advance of meeting to PMO / Technical Manager	To provide information on project progress, risks/issues identified
Quarterly	Meeting with PMO and Technical Manager for 2 hours	Update on project progress and review progress
Quarterly	Submit evidence and invoice to PMO / Technical Manager	To enable claim to be paid
Quarterly	Complete quarterly reporting requirements including claim submission requirements	To provide information on project progress, risks/issues identified to achieving CRL/TRL objectives
Every 6 months	Project Stage Gate: Submit to PMO and Technical Manager 5 working days before stage gate required evidence to questions set out in Annex 5	To assess the technical, commercial and financial progress towards the agreed objectives for each project
Every 6 months	Project Stage Gate: 90-minute review meeting	To review and assess project progress to date to determine whether project can proceed to next stage

Annually by mid-March	End of financial year accruals submission	To ensure the Department can fulfil its responsibilities on end of year accounting
Annually by end-September	Complete annual reporting table	Provide information on progress against programme level reporting to develop value for money against the grant awarded
Once during 3-year project lifetime	Presentation on project findings to wider group of Department policy leads	Share projects learnings with relevant policy makers

End of Project Reporting

Projects must complete all grant funded activities no later than 1 February 2030. Projects have until 31 March 2030 to submit their final grant claim and invoice, alongside a Reasonable Assurance Report covering all eligible expenditure incurred, as well as a final project report which is an internal report for the Department on project learnings and will not be published**.**

The value of the final grant claim must be at least 20% of the total grant award. The final project invoice will be held by the Department and paid following approval of all end of project reporting and assurance requirements.

End of Financial Year Forecasts (Accruals)

Projects will be required to manage delivery and expenditure in line with their agreed financial forecasts for each financial year (April to March). Departmental budgets are set on an annual basis at the beginning of the financial year, and it is therefore important that projects keep within budget and maintain accurate and up-to-date forecasts throughout the year.

Towards the end of the financial year (from mid-February), all projects are required to accrue expenditure for work that has been completed, or will be completed, within that financial year. To support accruals, projects must provide evidence to the Department that the relevant work has been, or will be, completed by the end of the financial year.

The level of detail required as evidence will be proportionate to the value of work being accrued. The timely provision of accrual evidence is essential to ensure project funding is attributed to the correct final year.

In Project Changes

Projects should raise risks and issues promptly with their PMO as they arise, both within and outside of monthly meetings. All changes impacting the delivery of a project must be identified, documented and effectively managed to ensure that the project is successfully delivered.

Monitoring Officers will primarily be involved where a project-level change is being proposed. Changes can be categorised as follows:

- Time – changes to payment and deliverables milestone schedule; changes to overall duration
- Cost – changes to amounts paid e.g., between milestones
- Scope – changes to the scope of the project in addition to any consortium member or staffing changes

When a project first identifies a change is needed, it must set out clearly what the change is, identify the appropriate tier of change (guidance to be provided) and then record the change request. Once complete, a more detailed evaluation will be undertaken, considering the impact and delivery confidence. The time spent and level of detail required to complete this form should be proportionate to the size of change.

In Project kick off meetings the change request approval threshold limits will be set out by the Project Monitoring Officer and recorded in project documentation. Acceptance of a change request is subject to approval by the Department. Not all change requests will be approved, however they will all be considered with equal treatment. The Department will aim to give an outcome to change requests submitted within 30 days of receipt of completed change request form.

Projects should not depend on the change request process for ensuring the successful delivery of their project.

Policy Engagement

In addition to a Project Monitoring Officer and Technical Manager each project will be allocated a department policy lead. The expectation is that the policy lead's work area will align broadly to the project outputs enabling useful sharing of project insights directly with relevant policy areas. The policy lead will aim to attend project meetings on a quarterly basis.

Projects are also expected to present project findings to a wider group of Department policy leads, virtually, at least once during the lifetime of the programme. This will enable project learnings to feed directly into policy development work.

Project Stage Gates

The purpose of project stage gates is to assess technical and commercial progress against the agreed objectives for each project. Stage gates provide an opportunity for projects to demonstrate their capability to deliver the remainder of the project within the agreed scope, timetable and budget. Reviews will consider the deliverables completed, progress to date and plans for the remainder of the project.

Projects will receive one of the following outcomes from each Stage Gate review panel:

1. Continue (C): the project is progressing satisfactorily and may continue.

Projects may receive brief feedback on their progress to date.

2. Rectify (R): the project has partially met the Stage Gate criteria and is therefore considered to be at risk.
   Remedial action will be required. The project will be given a maximum of 1 month to address the concerns identified and to demonstrate to the Department that appropriate remedial action has been taken. If the remedial action is satisfactory, the project may continue. If such action is not undertaken, or is deemed unsatisfactory, the project will be terminated and future funding will be withheld.
3. Terminate (T): the project is deemed to have no realistic prospect of achieving the agreed objectives within the approved scope, time, or budget. The project will be cancelled, and future funding will be withheld.

Projects will undergo a Stage Gate review every 6 months following the project kick-off meeting. The Stage Gate review meeting will be held via MS Teams and will last for approximately 90 minutes (2 hours scheduled to allow for any overrun). The session will be chaired by the Technical Manager and will be recorded for internal purposes only. The project should ensure attendance from the Project Manager and Technical Lead from the Project Lead Organisation and Technical Leads from each Project Partner for consortium projects.

Applicants will be assessed against the following seven areas at the stage gate based on their originally submitted application and associated delivery plan:

1. Progress towards final technical readiness level
2. Progress towards final commercial readiness level
3. Schedule and Milestones
4. Resourcing and Governance
5. Finance
6. Risks and Issues
7. Lessons Learned

A full breakdown of the Stage Gate criteria, alongside further details is provided in Annex 5.

Programme Evaluation

The Department is committed to undertaking comprehensive evaluations across all policies and programmes in order to support programme improvements through learning and provide accountability of public spend.

All Competition participants will be required to support and participate in the programme evaluation. This will be through the provision of monitoring and reporting data and information, ensuring relevant data sharing and GDPR-compliant agreements are in place and through participating in workshops and interviews. Where possible, the Department will seek to minimise the burden for projects, and use evidence already provided through monitoring activities.

Each project will be evaluated by the evaluation contractor, to understand project delivery and impact so that the Department can learn lessons to improve current and future programme delivery and provide accountability for public spend.

Publicity

Applicants will be notified via email whether their application has been successful following its technical assessment. Proceeding from this notification to grant award will then be subject to due diligence and compliance with the terms and conditions set out in the Conditional Offer Letter.

Throughout the funding period, the Department may wish to publicise the Competition and the projects it supports, including through engagement with the media. For example, following signing of grant funding agreements the Department may issue a press release or publish a notice on GOV.UK outlining the projects which have been awarded funding under the competition alongside an overview of these projects.

Applicants should note that, where an application is successful, the public description of the project provided as part of the application (subject to editorial amendment) will be made publicly available, and applicants will not be able to opt out of publication of this information.

In addition, funded projects will be required to work with the Acceleration Support provider and to take part in significant knowledge sharing and dissemination activity during their project (as outlined in Section 6).

Any organisation wishing to publicise its project at any stage must contact the DESNZ HPR Programme team in advance to coordinate communications activity. Further guidance on project-related communications is in Annex 13.

Confidentiality and Freedom of Information

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

As part of the application process for the Competition, all applicants are asked to submit a public description of the project. This should be a public facing form of words that adequately describes the project but that does not disclose any information that may impact on Intellectual Property (IP), is confidential or commercially sensitive. The titles of successful projects, names of organisations, amounts awarded, and the description of the project may be published once the award is confirmed as final. All assessors used during the assessment of applications will be subject to a confidentiality agreement.

Section 7: Additional Opportunities

Where possible, the Department may make additional, discretionary opportunities available to projects funded under this Competition (as detailed below). These opportunities are subject to change, subject to budget availability and may be offered on a competitive or prioritised basis.

Important: Applicants must not create dependencies in their delivery plans on securing any of these opportunities. All applications must be viable in their own right and meet with the requirements of the Competition without being a beneficiary of these additional opportunities. Any further opportunities offered will be supplementary and are intended to enhance delivery rather than substitute for core project capability, resources or milestones.

Homes for Net Zero (HfNZ)

Homes for Net Zero (HfNZ) is a DESNZ funded multi-phase research and demonstration trial aimed at understanding practical, scalable routes to decarbonising owner-occupied homes - particularly those with solid walls and gas combi boilers.

In Phases 1 and 2 circa 1,250 homes were recruited; every home has had their energy use monitored through smart meters and were issued with internal temperature monitors. The project aims to collect high quality data on the homes and the interventions that are made, to inform decarbonisation policy and delivery. In Phases 1 and 2 circa 200 homes had energy efficiency interventions, including refreshing old loft insulation, draught proofing, heating system MOTs, and radiator upgrades. Simple Net Zero roadmaps were developed and trialled with 150 homes, and 100 homes received behavioural advice. Alternative electric heating has also been explored, including reversible air-to-air heat pumps and heat batteries.

HfNZ Phase 3 will continue trials with its established homes but expand the research questions and areas of investigation. This phase will also examine how homes can transition to being ‘Net Zero ready’ while remaining resilient to future climate conditions (including improving understanding of current levels of comfort in extreme hot and cold weather), as well as continuing to explore low carbon heating in practice, including the performance and user experience of heat pumps, and alternative electric heating and domestic hot water solutions.

Through HfNZ there may be an opportunity for some grant recipients to carry out additional testing (beyond that required as part of their Competition project) of their innovation in a further number of actual homes via the HfNZ trial. The earliest opportunity to do this will be winter 2027/28 with a possibility to also test during winter 2028/29. An application process will take place and is described below. Only recipients of the Competition will be eligible for the opportunity.

Collaboration Funding including Homes for Net Zero (HfNZ)

Overview

Up to £2m has been allocated for a Collaboration Fund, which supports projects to carry out additional testing activities beyond the scope of their Competition project.

Scope

There are three types of activity eligible for support through the Collaboration Fund:

1. *Two or more projects collaborating:* Where two or more, existing grant recipients of the Competition seek to **combine their innovations as part of one heat pump system**, applying for funding to enable them to integrate and test their combined technologies as part of one heat pump system in homes **identified by the project team**. For example, one project may be developing a heat pump system compatible with existing micro bore pipework, while a second project is developing cheaper, easier to fit, higher performing radiators. Collaboration funding could be used to support the integration of these innovations into a single, combined system and which they go onto test in homes.

2. *Two or more projects collaborating and testing within HfNZ homes:* Where two or more, existing grant recipients of the Competition seek to **combine their innovations as part of one heat pump system** applying for funding to enable them to integrate and test their combined technologies as part of one heat pump system in homes and wish to **test their combined system in HfNZ homes**.

3. *Single project testing in HfNZ homes:* Where a single existing grant recipient of the Competition seeks to test their heat pump system in HfNZ homes.

Timing

Any ‘collaboration funding’ made available is at the discretion of the Department and would not be before at least financial year 2027/28. Subject to the Department making the funding available an application process would be opened on an annual basis during the funded project period subject to funding being available.

The funding would be to cover a 12-month testing period and any collaboration required in the build up to the 12-month testing period that must be completed prior to 31st January 2030.

Eligibility

Applicants will be required to justify the costs sought within any Collaboration Fund application. It is expected that proposed costs will broadly align with those included for related activities in the applicant’s original Competition application. Funding available through the Collaboration Fund will be limited to up to £200,000 per collaboration project.

The Collaboration Fund will be run as a closed competition, open only to existing successful project lead organisations from the Competition.

To be eligible, projects must have successfully passed all relevant project stage gates prior to the award of any Collaboration Fund support.

Subsidy Control

The applicable subsidy control requirements and associated subsidy ratios will remain the same as those applied under the Competition, as set out in this guidance in section 8.

Section 8: Potential Funding Levels and Subsidy Requirements

***DISCLAIMER**: The Department has allocated up to £20m to this Competition. However, the Department may decide to offer lower levels of funding than the maximum permitted under the rules of the Competition and may not allocate all the funding available. Additionally, the funding rules set out in this Guidance Document are specific to this Competition only.*

Types of Innovation Activity

Any project funded through the Competition must fall within one or a combination of the following types of innovation activity under the UK Research, Development and Innovation (RD&I) Streamlined Route[5]: *Industrial Research* or *Experimental Development*.

'Industrial research' means the planned research or critical investigation that is aimed at the acquisition of new knowledge and skills for developing new products, processes or services; or that is aimed at bringing about a significant improvement in existing products, processes or services. This would include digital products, processes or services, in any technology, industry or sector (including, but not limited to, digital industries and technologies, such as super-computing, quantum technologies, block chain technologies, artificial intelligence, cyber security, big data and cloud technologies). Industrial research comprises the creation of component parts of complex systems and may include the construction of prototypes in a laboratory environment or in an environment with simulated interfaces to existing systems as well as of pilot lines, where necessary for the industrial research and notably for generic technology validation.

'Experimental development' means acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills with the aim of developing new or improved products, processes or services. This includes digital products, processes or services, in any technology, industry or sector (including, but not limited to, digital industries and technologies, such as for example super-computing, quantum technologies, block chain technologies, artificial intelligence, cyber security, big data and cloud or edge technologies). This may also encompass, for example, activities aimed at the conceptual definition, planning and documentation of new products, processes or services. Experimental development may comprise prototyping, demonstrating, piloting, testing and validation of new or improved products, processes or services in environments representative of real-life operating conditions where the primary objective is to make further technical improvements on products, processes or services that are not substantially set. This may include the development of a commercially usable prototype or pilot which is necessary for the final commercial product, and which is too expensive to produce for it to be used only for demonstration and validation purposes. Experimental development does not include routine or periodic changes made to existing products, production lines, manufacturing processes,

[5] https://www.gov.uk/government/publications/subsidy-control-act-2022-streamlined-routes

services and other operations in progress, even if those changes may represent improvements.

'Research and development' (R&D) [6]mean activities that must be novel, creative, uncertain in outcomes, systematic and transferable and/or reproducible. All 5 criteria are to be met every time an R&D activity is undertaken, whether on a continuous or occasional basis.

'Innovation' means a new or improved product or process (or combination (process). thereof) that differs from the previous products or processes and that has not been made available to potential users (product) or brought into use

Overview of Subsidy Control

Subsidy Control

The Competition will support successful applicants through subsidies awarded in the form of grants towards the eligible costs of the project proposal.

Since 4 January 2023, public authorities must comply with the UK's subsidy control regime.[7] The Subsidy Control Act provides the framework for the regime including the transparency requirements.[8] The UK has also introduced Streamlined Routes that have been assessed by the government to be compliant with the requirements of the subsidy control regime, including the Research, Development and Innovation (RD&I) Streamlined Route (also known as the RD&I Streamlined Subsidy Scheme[9]).

The Department will use Category 2 of the RD&I Streamlined Route to award subsidies to businesses and other organisations in the Competition. Category 2 of the RD&I Streamlined Route allows the award of subsidies for industrial research and experimental development projects.

The Windsor Framework applies the EU State aid rules to measures affecting the trade in goods and wholesale electricity between Northern Ireland and the EU.[10]

Subsidy for Industrial Research and Experimental Development Projects

Within the Competition, funding can be provided to:

- All private sector businesses irrespective of size (see Business Definition below); and

[6] https://assets.publishing.service.gov.uk/media/63bc3bbed3bf7f262c5ad328/research-development-innovation-streamlined-route.pdf
[7] https://www.gov.uk/government/collections/subsidy-control-regime
[8] https://www.legislation.gov.uk/ukpga/2022/23/enacted
[9] https://www.gov.uk/government/publications/subsidy-control-act-2022-streamlined-routes
[10] https://www.gov.uk/government/publications/complying-with-the-uks-international-obligations-on-subsidy-control-guidance-for-public-authorities/guidance-on-the-scope-and-application-of-article-10-of-the-windsor-framework

- Research and knowledge-dissemination organisations as defined below. However, research and knowledge-dissemination organisations cannot be the sole or lead applicant for a project in the Competition – see Eligibility Criterion 12 (Section 4) for details.

Business Definition

A business is defined as an organisation undertaking economic activities. Businesses are categorised as small, medium, or large determined by both their:

- staff headcount; and,
- either turnover or balance sheet total.

The businesses that fall into the categories defined by Table 3 are classed as Small and Medium Enterprises (SMEs). A large business in this context means any enterprise which is not an SME.

Table 3: Categories for business definitions[11]

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

Research and Knowledge-Dissemination Organisation Definition

In line with the RD&I Streamlined route, within this competition, a research and knowledge-dissemination organisation is defined as follows:

A "research and knowledge-dissemination organisation" means an entity such as universities or research institutes, technology transfer agencies, innovation intermediaries, research-oriented physical or virtual collaborative entities, the primary goal of which is to conduct fundamental research, industrial research or experimental development independently or to disseminate widely the results of such activities by way of teaching, publication or knowledge transfer.

Within the Competition, Research and Knowledge-Dissemination Organisations can include:

- Universities (higher education institutions);
- Non-profit research and technology organisations (RTOs), including Catapults;
- Public sector organisations (PSO);
- Public sector research establishments (PSRE);
- Research council institutes;
- Research organisations (RO); and,

[11] https://www.gov.uk/government/publications/subsidy-control-act-2022-streamlined-routes

- Charities.

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

Maximum Subsidy Levels

As set out the Competition will only provide grant support for industrial research and experimental development innovation activity. Projects supported must fall completely within one or both types of the eligible RD&I: industrial research or experimental development.

The maximum level of subsidy that any member of a project team is eligible to receive in the Competition will depend upon the size and organisation type of the project team member and on the type of innovation activity that is undertaken in the project.

Table 5 indicates the maximum level of public funding that can be provided in the Competition, as a percentage of total eligible project costs incurred by businesses and other project team members delivering economic activities for the project. The remaining eligible project costs must be funded by the project through private sector funding.

Please note that these maximum subsidy levels are applicable to individual project team members, not to the project overall.

Table 5: Maximum subsidy level for Industrial Research and Experimental Development projects

Type of Innovation Activity	Organisation Size	Maximum amount of public subsidy as a percentage of total eligible project costs
Industrial Research – Single Companies	Small	70%
	Medium	60%
	Large	50%
Industrial Research – Collaborations: can be Business to Business where at least one Business is an SME; or Business and Research Organisation(s).	Small	85%
	Medium	75%
	Large	65%
Experimental Development – Single Companies	Small	45%
	Medium	35%
	Large	25%

Experimental Development – Collaborations: can be Business to Business where at least one Business is an SME; or Business and Research Organisation(s).	Small	60%
	Medium	50%
	Large	40%

Research and Knowledge-Dissemination Organisations

Research and knowledge-dissemination organisation applicants may be entitled to receive higher levels of funding for eligible project costs **if, for the project, they are not undertaking economic activities** (economic activities entail offering the goods or services on a market). Universities cannot claim more than 80% of their full economic costs calculated using the Transparent Approach to Costing (TRAC) methodology.

Multiple Innovation Activity Projects

Where a project involves a mixture of experimental development and industrial research activity, the project team must identify in their application the proportion of total eligible project costs which falls into each of the innovation types. They must also provide a clear summary of the proposed division of project activity between the two innovation types and demonstrate that the activities align with the proposed innovation type.

For such projects the maximum grant funding available for the innovation activities will be based on the individual thresholds for the different activities.

For example, consider a small enterprise conducting a project by itself, whose costs includes 40% industrial research and 60% experimental development. The maximum subsidy level, as a percentage of total eligible project costs, would be as given in Table 6.

Table 4: Maximum subsidy levels for projects involving a mixture of research categories

Innovation Activity	Maximum Subsidy Level (as a % of total eligible project costs)	Percentage of Project for Each Research Category	Effective Subsidy Level
Industrial Research	70%	40%	28%
Experimental Development	45%	60%	27%
Maximum Overall Project Subsidy Rate			55%

Consortium Applications

For collaborations containing different sized enterprises or Research and Knowledge-Dissemination Organisations, the **subsidy ratio is applicable to each of the individual consortium partners** receiving the subsidy, not to the project overall.

For example, for a collaborative Industrial Research project: a large enterprise consortium member can only be reimbursed up to 65% of its total eligible costs, whereas a small enterprise consortium partner can be reimbursed up to 80% of its total eligible costs.

Similarly, for a collaborative Experimental Development project: a large enterprise consortium member can only be reimbursed up to 40% of its total eligible costs, whereas a small enterprise consortium member can be reimbursed up to 60% of its total eligible costs.

Public Funding

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

In applying to any future competition, you must state if you are applying for, or expect to receive, any funding for your project from public authorities (in the UK or elsewhere). Any other public funding would be cumulated with the Department’s funding to ensure that the public funding limit and the subsidy intensity levels are not exceeded for the project.

Whilst the Department would check the information provided to try and ensure that applicants meet the requirements of the subsidy categories, it is the responsibility of applicants to establish that they fall within the competition rules before submitting applications. The Department requires applicants to notify them of any change to their situation or circumstance during the project.

It is essential to ensure that the total grant funding for a project from public sources does not exceed the permitted percentages stated for the relevant subsidy category.

Grant recipients must adhere to all relevant Subsidy Control obligations (which are set out in detailed grant agreements); failure to do so could result in termination and clawback of funding.

As part of the assessment process for the Competition, the added value and additionality of public funding will be tested. Applicants will need to demonstrate why public funding is required to deliver this project. Public funding, e.g. Boiler Upgrade Scheme funding, cannot be used as a source of match funding.

Adherence to Subsidy Control Requirements

Whilst the Department will check the information provided to try and ensure that applicants meet the requirements of the RD&I Streamlined Scheme requirements, applicants are responsible for establishing that they fall within the relevant subsidy level limits before submitting applications and during the lifetime of any project funded in this Competition.

The Department requires applicants to notify them of any material change to situation or circumstance during the application process or during the project which could affect subsidy levels.

It is the responsibility of applicants to ensure that they are in line with subsidy levels and any other relevant subsidy control requirements. If there is a breach of subsidy control requirements, for whatever reason, the Department will require repayment of any grant received, including interest, above that which was due.

Section 9: Competition Timetable and Process Overview

Competition Timetable

The indicative timetable of key dates for HPR Competition is set out below. **Please note that all dates are subject to change.**

HPR Innovation Funding Competition – Key Timings

Application

- Competition opens on 21/04/2026
- Submit application online no later than 25/06/2026

Assessment

- Eligibility check, technical assessment, moderation and applicants informed of the outcome of their application from week commencing 28/09/2026. This date depends on the number of applications recieved. After 28/09/2026 successful applicants will be subject to confirmatory due diligence which includes confirming financial strength, eligibility of expenditure and case for assistance

Grant Award

- Grants conditionally awarded (subject to financial due diligence).
- Financial Due diligence commences and, following successful completion, grant funding agreements issued.
- Projects able to commence (dependent on time taken for due diligence) from week commencing 01/02/2027

Completion

- Final approved project completed and submitted to the Department monitoring officer for approval by 31/01/2030
- Final project reports and Resonable Assurance Report submitted to Department monitoring officer for approval by 31/03/2030

Competition Process Overview

As outlined in the diagram above, the Competition process will be undertaken in three key stages comprising application, assessment, and grant award. Please note that all dates listed here are subject to change.

Stage 1: Application

Applicants are required to submit a competition application form, with supporting information by **25th June 2026 1pm**. The notes below explain the details of the application process:

How to apply to the competition: The Department will be hosting an online event for guidance on how to apply for the Competition at **16:00 on 6 May 2026**. Please complete this form by **13:00 on 5 May 2026** to sign up to the event. Please note that the session will not be recorded but slides will be made available after the webinar.

Questions about the Competition: If you have any questions on the competition process after reading these guidance notes, please submit them to heatinnovation@energysecurity.gov.uk by **14 May 2026**. Depending on the number of questions received, we expect to publish these questions and our responses to them periodically from **15 May 2026 to 22 May 2026** - we will publish all the questions received and responses to them by **22 May 2026**.

A version one of questions and answers relating to the competition will be available here from **24 April 2026**.

All applicants should take these replies into consideration when preparing their own applications and we will evaluate applications on the assumption that they have done so.

Submission of Application: The full application for the competition must be submitted online via the portal by the deadline: **25th June 2026 1pm**. The online application form will be closed for submissions after this time.

Application documents: All application documents must be submitted via the online application form. In the form there are opportunities to upload relevant supporting documents. In some sections we specify the supporting information we would like to see uploaded. We **will not accept** any other format of the application.

Submission Content: Each online application must include the following documents:

- Completed CRL Progression Plan (to be uploaded as part of answer to question 1C assessment criteria)
- Completed TRL Progression Plan (to be uploaded as part of answer to question 2A assessment criteria)
- Completed detailed Gantt chart or equivalent Project Plan and Milestone Table (to be uploaded as part of answer to question 2B assessment criteria)
- Completed Risk Register (to be uploaded as part of answer to question 3D assessment criteria)

- Completed Project Cost Breakdown Form (to be uploaded as part of answer to question 4A assessment criteria)
- For applications from consortia: Draft copy of Collaboration Agreement
- Optional: additional letters of support or other supporting information can also be submitted in the final section before you submit your online application form. Supporting documents should provide substantive information to the proposal. **However, you should not assume that any additional information will be cross-referenced or reviewed as part of the application assessment process**.

File naming conventions

- All files must be named according to the format set out in the file names on the GOV.UK Heat Pump Ready Innovation Funding Competition launch page.
- This will be the name of the document, e.g. Project Cost Breakdown Form, followed by the Lead Organisation's name (i.e. the applicant or main applicant where there is a consortium applying).
- If the Lead Organisation is submitting more than one application, please provide an additional identifier.
- Please keep file names clear and concise without using excessive characters.

You should answer all the questions on the application form. Some questions will be 'required fields' in the form and you will not be able to proceed to the next section until these questions are complete. Incomplete applications and any containing incorrect information may be rejected. However, the Department may, at its discretion, request clarification before making a final decision**. Any applications submitted after the application deadline will not be considered**.

Submission Costs: You will not be entitled to claim from the Department any costs or expenses that you may incur in preparing your bid, whether or not your proposal is successful.

Stage 2: Assessment and Funding Allocation

Applications will initially be assessed against the Eligibility Criteria detailed in Section 4. Applications which fail the Eligibility Criteria will not be assessed further, so it is essential to ensure that your project meets these criteria before you submit your application.

The applicant's response to assessment question 1A in Section 11 (primary barrier justification) will be reviewed to confirm that that the most relevant primary barrier has been selected and that this aligns with the response provided to eligibility Question 1 in Section 4. Where, following review, the Department considers that there is a discrepancy between the selected barrier and information provided about the project, the applicant will be informed that the project's primary barrier may be re-categorised for the purposes of assessment.

Eligible projects will then be assessed against the assessment criteria set out in Section 11 by three technical assessors.

Following independent assessment by the technical assessors, scores from each assessor will be moderated to determine the final Moderated Score for each application. Section 11 sets out the minimum scoring thresholds for each assessment criterion and explains how the Final Score for each application is calculated.

The guidance notes set out in Section 11 and Section 13 are designed to inform you about the types of information you should provide to the Department for your proposal to be assessed.

The total moderated, weighted score for each application will be used by the Department to allocate the funding for the Competition. Where the total funding requested by applications assessed as eligible for funding exceeds the funding available, not all eligible applications will be funded. Further detail on the funding allocation process is set out in Section 12.

Following completion of the assessment and funding allocation stages, all applicants will be notified of whether their application has been successful or unsuccessful. Applicants will also receive a short summary of key feedback on their application, regardless of the outcome. The Department aims to provide this feedback at the same time as issuing notification letters.

Stage 3: Grant Award

For successful applicants, following notification of a successful application, the Department will carry out due diligence checks prior to grant award. This will include verification of eligible costs and confirmation of the applicant's financial viability (see Section 10 for more detail). Any funding pre-requisites identified through this process will be included as conditions of the grant.

Before the grant is issued, applicants must demonstrate that a clear and credible plan is in place to secure the required grant recipient contribution (i.e. match funding) for the project. Where due diligence identifies issues that were not evident from the application, or that may affect successful project delivery, the Department reserves the right not to proceed to grant award.

Successful applicants will be offered the opportunity to discuss the Grant documents with a Departmental grants representative, including the terms and conditions of the award and any queries arising at this stage. Applicants will also be required to provide relevant documentation to the Department's Central Grants and Loans team Monitoring Officers to finalise their project delivery plan and financial forecast.

Project Kick Off

Projects can commence funded activities once their signed Grant Funding Agreement and associated Grant Offer Letter has been countersigned by the Department. The first step will be an in-person kick off meeting with the Project's Monitoring Officer and Department's Technical Manager.

Each project awarded innovation funding will have an Acceleration Support planning meeting. This will be held as close to the formal project start date as possible. A meeting will be set up with the applicant, the acceleration co-ordinator and manager, and the Project Monitoring

Officer. Take up of any identified acceleration support is expected unless a project can justify how they can access equivalent acceleration support outside that provided by the acceleration support provider.

Section 10: Grant Award Processes

Consortium Projects

Lead Partner Role

The Department specifies that there should only be **one lead company assigned to each project proposal**. Grant Offer Letters for successful applicants will be made out to the delegated lead company and as such the Department is only responsible for making claim payments to the delegated project lead. Payments to collaboration partners or sub-contractors are the responsibility of the lead company.

Consortium Agreement

The Department require that all partners in a collaborative application have signed a Collaboration Agreement (CA) prior to any funding being provided by the Department.

The CA should, as a minimum, specify the division of project work, intellectual property arrangements, dispute rectification processes and ensure that all partners understand and comply with the grant requirements. The Department will, in event of a dispute between partners, look for that dispute to be resolved within the terms of the CA.

If you are applying as a collaboration, you will be asked to submit a draft copy or heads of terms of the collaboration agreement which has been agreed by your consortium with your application to ensure that the proposed collaboration is viable and robust. A copy of the final signed CA must be submitted to the Department before any funding can be provided to project teams – this will be specified as a condition in the Grant Offer Letter.

Financial Checks and Due Diligence

Project Cost Information

As part of their application, all applicants must complete the Competition Cost Breakdown Form detailing their expected expenditure and spending profile for the project on a quarterly basis. You should complete a single form covering your entire project and, for consortium projects, including all of your partners, clearly identifying which costs relate to which partner.

During the assessment of applications, the project costs and plans that are submitted as part of the application process will be assessed along with the answers to the questions on the application form to ensure they are what might be reasonably expected.

The eligibility of all costs under subsidy rules and the financial viability of your organisation may be checked following the assessment and moderation process but before a formal grant offer is made. Being contacted for this information does not indicate either success or failure in the assessment process.

While the Department understands that project costs are subject to change prior to agreeing a grant award and throughout the course of the project, we do expect the final version of the Cost Breakdown Form to be our guide to project expenditure through delivery and costs should not vary significantly from this without prior agreement of the Department.

Sub-Contract Use

You will be expected to state and justify in your project application the amount of sub-contract funding (if any) within the expected spend of the project. You will be expected to explain the necessity for this spend identifying and explaining any risks to delivery as opposed to the addition of collaboration partners within the project proposal. Note all Intellectual Property required by the project must be owned or licensed to a project member (i.e. Lead/Partner rather than a sub-contractor). Sub-contractors are governed by the contract between subcontractor and partner.

Overhead Rates

The overhead rate must be agreed with the Department before the Grant award documents are issued and cannot be changed during the work. See Annex 1 for further guidance on overhead rates.

Screening

As part of the application process, the Department will use a commercially available screening tool for the purposes of checking financial risk of the company and if the company (and/or its directors) are subject to sanctions, adverse regulatory findings/decisions or adverse media. This largely consists of open-source data. Some company related payment data is also included in the screening tool. The screening tool also searches against county court judgements in respect of the company. In addition, we may also review UK government held records of grant awards.

Financial viability checks

The Department will undertake financial viability checks on all successful applicants, which may also include consortium member and sub-contractors responsible for carrying out significant aspects of the project. These will include looking at the latest independently audited accounts filed on the Companies House database.

Where a business is not required to file accounts with Companies House, other financial information may be requested to enable an appropriate financial viability review to be undertaken. We will be looking for evidence of your ability to resource the project appropriately, so the information we request will be focused on understanding how your business operates in this respect.

At the point of the Department undertaking due diligence, the Department will require a credible plan, with supporting evidence, that you will have sufficient resources to pre-fund expenditure as required by the grant and have sufficient match funding in place to complete the project. The specific evidence will vary on a case-by-case basis, but could include for example, letters of intent from funders or existing resources. We may also require an understanding of anticipated cashflows.

The Department will not make payments in advance of need. The Department understands, however, the difficulties which small businesses may face when financing this type of project. The Department will explore cash flow issues with the applicant as part of developing the financial and milestone profile within the Grant Offer Letter. The Department may offer flexibility in terms of profiles and payments, within the confines of the requirements for use of public money within which it operates.

Grant Use

Companies should note that the grant may not be used to subsidise commercial activities.

Section 11: Assessment Criteria

Assessment Process

Step 1: Assess against Eligibility Criteria

All applications will be considered initially against all the competition Eligibility Criteria (detailed in Section 4). Applications that do not meet all the Eligibility Criteria will be excluded at this stage.

Step 2: Assess against Assessment Criteria

There are four scored Assessment Criteria, listed below:
Criterion 1 — Barrier Impact & Route-to-Market
Criterion 2 — Deliverability (Technical & Delivery Plan)
Criterion 3 — Team, Capability, Project Management & Risk
Criterion 4 — Finance, Value for Money & Public Funding Rationale

All of these Assessment Criteria are broken down into Sub-Criteria. Eligible projects will be scored against each of the sub-criteria (described in the Assessment Criteria and Scoring Guidance sub-section below). Each assessment criterion or sub-criterion in the application will be scored independently by the three assessors and will be given a score between 1 and 5. Further information on this scoring range is provided later in this Section (see Scoring Assessment Guidance).

Step 3: Moderate the Scores
The assessor scores will be moderated - by discussion between the three assessors, and an independent chair - and a Moderated Score will be agreed for each sub-criterion.

Step 4: Review Scores against Minimum Scores
For all sub-criteria there are individual Minimum Scores. The Moderated Scores for each application will be compared to the Minimum Scores. Applications that do not meet the Minimum Score for any single Sub-Criterion will be excluded at this stage. The Minimum Scores for the Assessment Criteria are set out in Table 7 below. As well as achieving the minimum scores applicants are also required to achieve an overall score of at least 60% to progress further through the assessment process. Applications not achieving an overall score of at least 60% will be excluded at this stage.

Step 5: Apply Weightings
For Assessment Criteria 1 to 4 (and their Sub-Criteria), there are also specific Weightings. For each project application where the Moderated Scores pass all the Minimum Scores (i.e. those projects that pass Step 4), a Total Weighted Moderated Score will be calculated by multiplying the Moderated Scores for each Assessment Criterion or Sub-Criterion by their relevant Weightings and summing the total of those, as set out in the formula below.

Total Weighted Moderated Score	=	(Moderated Score 1a / 5 x 5) + (Moderated Score 1b / 5 x 20) + (Moderated Score 1c / 5 x 10) + (Moderated Score 2a / 5 x 10) + (Moderated Score 2b / 5 x 15) + (Moderated Score 2c / 5 x 5) + (Moderated Score 3a / 5 x 5) + (Moderated Score 3b / 5 x 5) + (Moderated Score 3c / 5 x 5) + (Moderated Score 3d / 5 x 5) + (Moderated Score 4a / 5 x 10) + (Moderated Score 4b / 5 x 5)

The Weightings for the Assessment Criteria are set out in Table 7 below.

Table 5: Weighting and Minimum Scores for Assessment Criteria

Criterion 1 — Barrier Impact & Route-to-Market: 35%
Criterion 2 — Deliverability (Technical & Delivery Plan): 30%
Criterion 3 — Team, Capability, Project Management & Risk: 20%
Criterion 4 — Finance, VfM & Public Funding Rationale: 15%

Criterion	Minimum Score	Weight (%)
Criterion 1 — Barrier Impact & Route to Market		**35%**
1A — Innovation definition & distinctiveness	3	5%
1B — Barrier impact	3	20%
1C — Commercial readiness, addressable market & market entry requirements	3	10%
Criterion 2 — Deliverability (Technical & Delivery Plan)		**30%**
2A — TRL progression & evidence plan	3	10%
2B — Work packages, milestones & resources	3	15%
2C — Dependencies, critical path & delivery feasibility	3	5%
Criterion 3 — Team, Capability, Project Management & Risk		**20%**
3A — Structure & governance	3	5%
3B — Roles & partner/subcontractor contributions	3	5%
3C — Capability, capacity & resourcing	3	5%
3D — Risk management	3	5%
Criterion 4 — Finance, VfM & Public Funding Rationale		**15%**
4A — Finance & Value for Money	3	10%
4B — Public funding rationale & additionality	3	5%

Step 6: Rank Projects

All projects that reach Step 6 will be ranked in order of their Total Weighted Moderated Score (final Score) to create a Ranked List for each of the 4 barriers of the projects that are eligible for funding. The process of allocating funding using the Ranked List is described in Section 12.

Note: Nothing in this funding call requires the Department to award any applicant a grant of any particular amount or on any particular terms. The Department reserves the right not to award any grants in the Competition, in particular if the Department is not satisfied by the applications received or if the funding assigned to the Competition is required for other, unforeseen, purposes. The Department will not, under any circumstances, make any contribution to the costs of preparing applications and applicants accept the risk that they may not be awarded a grant.

Assessment Criteria and Scoring Guidance

The four assessment criteria and scoring guidance for the Competition are described in the boxes below. The guidance notes in the following boxes and the additional guidance in Section

13 are designed to inform you about the types of information you should provide to the Department for your application to be assessed.

Please note: a maximum word count is provided for each of the assessment sub-criterion. This is the **maximum** word count which you may use, and projects are encouraged to be **concise with their responses** and do not need to fill this word count unnecessarily. High word count limits have been set to enable applicants to provide relevant supporting evidence within their response and to remove or reduce the need for applicants to provide separate 'Supporting Information'.

Each sub-criterion contains bullet pointed guidance on what a response should cover and be addressed when answering the assessment questions.

Project Summary (non-assessed)

This section is not scored. It is intended to provide assessors with a clear, high-level overview of the proposed project before they review the scored assessment criteria.

Applicants should provide a concise summary covering the areas set out below and avoid repeating detailed information provided elsewhere in the application.

- What is the innovation, which programme barrier does it primarily address, and are there any secondary barriers it also affects? [300 words limit]
- What is planned during the project? [300 words limit]
- What will be delivered by the end of the project, and why does this matter for reducing the programme barrier(s)? [300 words limit]

Criterion 1 — Barrier Impact & Route-to-Market

1A — Innovation definition & distinctiveness (scored) 5% weighting
Question: To what extent does the applicant clearly explain what the innovation is, how it functions within a heat-pump (unit and/or system) and/or installation context, and how it is meaningfully different from current UK practice?

- **What the innovation is:** A clear, technically accurate description of the innovation (e.g., component, sub-system, complete system, or process/tool), what is being changed or introduced, and how it integrates with a heat pump unit, heat pump system, and/or installation workflow in a UK context [400 word limit].
- **How it differs from current practice:** Evidence-backed distinctiveness (e.g., lab/bench tests, modelling, third-party benchmarking, structured installer or user feedback), showing how the innovation differs from current UK practice or commonly deployed approaches [350 word limit].
- **Primary barrier justification:** A clear high-level justification for why the primary barrier selected at eligibility (i.e., capital cost of heat pump system hardware and components, in-property changes required, internal and external space requirement, or time taken for heat pump install from accepted quote) is the most appropriate fit for the innovation, by

explaining which distinctive feature(s) are relevant to that barrier (without quantifying impact - this is assessed in 1B**)** [350 word limit].

1B — Barrier impact (evidence-based) (scored) 20% weighting
Question: To what extent does the innovation reduce the selected programme barrier, supported by credible evidence, a UK-relevant baseline, and a clear explanation of how and why the barrier is reduced?

Your response should demonstrate:

- **Baseline & explanation of impact:** A clearly defined UK-relevant baseline (including key assumptions) and a clear explanation of how and why the innovation's feature(s) reduce the selected barrier (i.e., what changes compared to current practice, and why this leads to improvement) [400 word limit].
- **Magnitude of impact (quantified where feasible):** Expected improvement relative to the baseline, expressed as % and/or absolute values (e.g., hours/visits saved, £ cost reduction, footprint reduction), with the source of the data and an indication of how results may vary (e.g., ranges/uncertainty) where available [400 word limit].
- **Evidence strength & limitations:** The strongest available supporting evidence (quantitative and/or qualitative/engineering), proportionate to maturity (tests, modelling, benchmarking, installer/consumer insight), including core assumptions, limitations and dependencies where available [350 word limit].

1C — Commercial readiness, addressable market & market-entry requirements (scored) 10% weighting
Question: To what extent does the applicant present a realistic, evidenced pathway for commercial readiness (CRL progression), fit with initial deployment segments and the wider addressable market, and compliance with UK market-entry requirements?

Your response should demonstrate:

- **Commercial readiness:** Current CRL with supporting evidence, and the key commercial activities and validation steps needed to reach CRL 9 within the funded period [400 word limit]. Also complete the CRL progression plan template.
- **Initial deployment segments & addressable market:** The initial deployment segments (i.e., where and with whom the innovation would be used first) and why they align with the innovation's value proposition, plus an indicative estimate of the wider addressable UK market, including key assumptions and relevant constraints [400 word limit].
- **Market-entry requirements:** The relevant certification/conformity route(s), installer-competence requirements, SAP/EPC/HEM treatment, planning/noise/system-integration considerations (as applicable), and how the applicant will meet or mitigate relevant requirements for UK deployment [400 word limit].

Criterion 2 — Deliverability (Technical & Delivery Plan)

2A — Technical readiness (TRL) progression plan (scored) 10% weighting
Question: To what extent does the applicant present a clear, evidenced plan to progress through each TRL stage, including technical evidence generation and objective acceptance criteria?

Your response should demonstrate:

- **Starting point (current TRL):** The current TRL with supporting evidence appropriate to the maturity claimed, any key limitations, and a clear link to the programme's TRL definitions [400 word limit].
- **TRL progression approach (step-by-step):** A timed, step-by-step plan for progressing through remaining TRL stages within the funded period, with progression framed around the six-monthly stage-gate review points, including test/validation environments (lab, field, in-home), required facilities, and key technical assumptions/dependencies [400 word limit]. Also complete the TRL progression plan template.
- **Evidence & acceptance criteria (per stage):** The evidence to be generated at each TRL step and objective acceptance criteria (what will be measured/verified and how success will be determined), including how the innovation will be demonstrated to meet minimum performance requirements (e.g. in-situ SPF ≥ 3.5 when installed in a real home), and how progression will be managed without materially worsening other programme barriers or increasing consumer running costs [400 word limit].

2B — Work packages, milestones & resources (scored) 15% weighting

Question: To what extent are work packages, milestones and resourcing coherent, realistic, and sufficiently defined to support delivery?

Your response should demonstrate:

- **Work packages:** A clearly defined and logically structured set of work packages aligned to the TRL plan, showing clear sequencing and any key handover points between work packages, and how these support milestone progression, supported by an uploaded Gantt chart (or equivalent project plan) [350 word limit].
- **Milestones & deliverables:** Well-defined milestones and deliverables that specify what will be achieved and evidenced at each stage, including which work package(s) each milestone relates to, demonstrating credible progress toward readiness [350 word limit]. Please also complete the milestone template. These milestones should also be reflected in the Milestones tab of the Project Cost Breakdown Form.
- **Resources & feasibility:** A resource plan aligned to work packages and milestones (e.g., FTEs, skills, facilities/equipment) that is realistic within programme timelines, with justification of feasibility [350 word limit].

2C — Dependencies, critical path & delivery feasibility (scored) 5% weighting

Question: To what extent are critical dependencies and the critical path clearly identified and credibly managed to ensure delivery within programme timelines?

Your response should demonstrate:

- **Dependencies (internal & external):** Key internal dependencies between work packages/deliverables and key external project dependencies, including which dependencies are time-critical. Noting however that the project must be deliverable within the remit of existing policies and must not be dependent future policy changes [350 word limit].

- **Critical path:** The critical-path activities that determine overall delivery timelines, including why these activities are critical and any schedule contingency (buffer) available before delivery dates are affected. [350 word limit].
- **Controls & feasibility:** Credible mitigation actions, clear escalation triggers and contingency plans to protect the critical path, demonstrating that the project can realistically be completed by 30 November 2029 and that TRL/CRL evidence will be generated in time to inform key milestones and decision points [350 word limit].

Criterion 3 — Team, Capability, Project Management & Risk

3A — Structure & governance (scored) 5% weighting

Question: To what extent are governance and decision-making arrangements clear, proportionate and effective?

Your response should demonstrate:

- **Governance structure:** Clear governance structure, supported by an <u>organogram to be uploaded</u>, with clear reporting lines across the lead organisation, partners and subcontractors, including decision-making and escalation routes [400 word limit].
- **Oversight & accountability:** Clear allocation of technical and commercial oversight (who is accountable for what), proportionate to project scale and complexity [400 word limit].

3B — Roles & partner/subcontractor contributions (scored) 5% weighting

Question: To what extent are roles, responsibilities and contributions clearly defined and aligned to delivery of the work packages and milestones?

Your response should demonstrate:

- **Organisational role clarity:** The specific role and contribution of each partner and subcontractor organisation (and any critical external stakeholders where relevant), mapped to key project activities (e.g., work packages/milestones/deliverables) – i.e., what each party will do and when. This should include details of how any partners and/or subcontractors to be onboarded later in the project will be identified, the planned timing of onboarding, and how they will be integrated into delivery [350 word limit].
- **Coordination between organisations:** How coordination between partners, subcontractors and relevant stakeholders will be managed in practice to avoid delays, including clear ownership where responsibilities pass between parties [350 word limit].
- **Subcontractor & partner assurance:** How partner and/or subcontractor work will be commissioned, managed and quality-assured (including performance management and issue resolution) [350 word limit].

3C — Capability, capacity & resourcing (scored) 5% weighting

Question: To what extent does the team collectively have (or will credibly secure) the capabilities and capacity needed to deliver on time, including robust plans to address gaps?

Your response should demonstrate:

- **Project team capability:** A capability plan outlining which team members provide each necessary technical and commercial capability, supported by short role-relevant biographies (e.g., 3–5 lines per key individual) demonstrating relevant UK-context experience [350 word limit].

- **Capacity & gaps:** Any capability/capacity gaps at project team member or role level and realistic plans to fill them (hiring/backfill/subcontracting), including timelines and contingencies if recruitment/onboarding slips [350 word limit].
- **Access to facilities/external expertise:** Secured or realistically obtainable access to required facilities and external expertise (e.g., labs, test houses, in-home test properties), with a credible and proportionate approach to end-user engagement and field-trial participant recruitment, aligned to delivery milestones and critical-path timing [350 word limit].

3D — Risk management (scored) 5% weighting
Question: To what extent are project risks identified and managed effectively, with a decision-useful risk register that protects delivery of the critical path?

Your response should demonstrate:
- **Risk management approach:** A clear approach to identifying, owning, reviewing and escalating risks (including review cadence and governance forum), proportionate to project size and complexity [400 word limit].
- **Risk register quality:** A decision-useful risk register including, as a minimum: risk description, impact/probability rating, mitigation actions, named owner, residual rating, and clear escalation triggers [400 word limit]. Please complete risk register template.
- **Critical-path focus:** Identification of the highest-rated delivery risks and how mitigations will protect timeline and readiness evidence generation. Applicants should focus on outlining the highest-priority and critical-path delivery risks rather than providing an exhaustive list [400 word limit].

Criterion 4 —Finance, Value for Money & Public Funding Rationale

4A — Finance & Value for Money (scored) 10% weighting
Question: To what extent are costs, match-funding and value for money justified, realistic, and aligned to delivery?

Your response should demonstrate:
- **Cost justification & alignment:** A complete project cost breakdown form for all project costs, supported by clear mapping to work packages/milestones and justification for major cost categories (e.g., equipment, overheads, testing, staffing, subcontractors), demonstrating that costs are complete, realistic and aligned to the delivery plan [250 word limit].
- **Value for money:** Evidence that costs are proportionate to the expected outcomes and maturity stage, showing appropriate cost-minimisation measures (e.g., efficient resourcing/procurement) and appropriate use of subcontracting (where applicable) [250 word limit].
- **Match funding credibility:** Confirmation of match-funding sources and amounts for all partners, including certainty and timing/phasing aligned to delivery needs [250 word limit].

4B— Public funding rationale & additionality (scored) 5% weighting
Question: To what extent is public funding necessary and additional, accelerating outcomes that would not otherwise occur?

Your response should demonstrate:

- **Alternative funding options:** Attempts to secure private/commercial funding and why such funding is unavailable or insufficient at the current TRL/CRL and risk profile (with supporting evidence where available) [250 word limit].
- **Credible counterfactual:** A specific and plausible description of what would realistically happen in the absence of grant funding, with clear implications (e.g., timing, scale and readiness level) for progression [250 word limit].
- **Additionality:** A clear explanation of how grant funding accelerates delivery of programme-barrier outcomes and readiness progression compared to the counterfactual (i.e., what will change because of the grant, and why that change matters) [250 word limit].

Assessment Scoring Guidance

We will select projects that offer the best value for money overall based on their assessment against the criteria outlined above. The projects will be scored using the scoring guidance set out in Table 8. Projects must score at least a 3 for each sub criterion and a minimum of 60% (based on total weighted moderated score) to be eligible for funding.

Table 8: Scoring guidance.

Scoring Guidance Score	Description
1	Not Satisfactory: There is no evidence or very little evidence that the question has been satisfactorily answered and major omissions are evident.
2	Partially Satisfactory: There is little evidence that the question has been satisfactorily answered and some omissions are evident. Much more clarification is needed.
3	Satisfactory: There is reasonable evidence that the question has been satisfactorily addressed and/or minor but notable omissions are evident. Further clarification is needed.
4	Good: The question has been well addressed with a good evidence base, with only minor omissions or lack of clarity
5	Excellent: There is clear evidence that the question has been completely addressed. The response is clear, concise, and well-supported, with no material omissions.

Feedback and right of appeal

A short summary of key feedback regarding the applications will be provided to all applicants, this feedback will be based on the summary comments of the Assessment Stage. The feedback from the assessors is intended to be constructive. No additional feedback will be provided and there will be no further discussion on the application.

There is no right of appeal - the moderated scores are final - so it is important that you make any points you wish to make clearly and concisely in the application form.

Section 12: Funding Allocation Process

The funding allocation process is set out below:

Top 3 Applications per barrier category

1. Each project will fall into one of the four identified barrier categories based on primary barrier identified as part of the application. Within each of the barrier categories projects will be ranked based on their final moderated assessment score.

2. The department will then assign funding to the 3 highest scoring applications for each of the 4 barrier categories which score above the threshold assessment score of 60%.

3. Only 1 application from the same organisation can receive funding as part of the initially funded 3 highest scoring applications for each of the 4 barrier categories. If an organisation has already been in one of the top 3 ranking projects for a given barrier category the next unique organisation ranked for the barrier category will be included as the next ranked project and awarded funding whilst the application from the organisation that has already been included within the initial 3 highest scoring applications for each of the 4 barrier categories will be added to the central pool of applications.

4. Where 2 or more projects have the same score the project with the best score on the most-weighted question will receive the funding. If that is a tie then it will be awarded to the project with the lower of the total grant amount sought.

5. If insufficient funding is available to allocate funding to 3 applications within each barrier category, the department will instead allocate funding to the 2 highest-scoring applications in each barrier category that meet the minimum assessment threshold and will then proceed to step 6

Central pool of applications

6.Where funding availability allows, once the allocation for the top ranked projects for each of the 4 barrier categories has been completed, all remaining unfunded projects, which have scored above the 60% threshold, will be merged into one combined central pool of applications, in ranked order based on their moderated assessment score.

7.The central pool of innovation funding will then be allocated in rank order. Funding will be awarded to the list in ranked order. An individual organisation can be awarded funding up to a maximum of 2 projects until the funding to be awarded runs out. An organisation could only be awarded funding for more than 2 projects where are no further projects on the ranked list that have scored over the overall threshold score of 60%. In the event that more than 1 project application has identically scored an overall score of 60% and there is only sufficient funding left for one application to be awarded then the project with the best score on the most-weighted question will receive the funding. If that is a tie then it will be awarded to the project with the lower of the total grant amount sought.

8. Finally, if the next-highest-scoring application requests funding that exceeds the level of funding remaining, that application will not be funded. In such circumstances, funding will be allocated to the next highest-scoring application whose requested funding can be met from the remaining available budget.

9. The Department reserves the right not to award any grants in the Competition or to award less than the stated budget for the Competition, in particular if the Department is not satisfied by the applications received or if the funding assigned to the Competition is required for other, unforeseen, purposes.

Section 13: Guidance on Completing the Competition Application and Project Cost Breakdown Forms

Application Form

This section aims to guide you through the completion of the online Competition Application Form. It is important that a response is provided to every question. This guidance is intended to explain what type of information applicants should consider providing to the Department to enable it to assess their application effectively.

Applications will be judged based on the information provided in the application form and any supporting information provided. There will not be the opportunity to enter into discussion about your project with the assessors or the Department. These guidance notes are not intended to be exhaustive; applicants are expected to develop their own responses based on your own skills, knowledge and experience. You are encouraged to be concise and to the point whilst providing all the necessary and relevant information.

Throughout the form there are boxes to fill in. To answer the question or provide information you should simply click on the box and begin typing or select from the drop-down menu. Questions do have word limits and when the text has reached the word limit you will not be able to add any further information and the text must be edited to fit within the word limit. Please ensure that when you are copying and pasting text into the online application form from any planning documents, that all text has copied across correctly and is within the word count set out.

Any graphs, diagrams or supporting evidence that you are providing to support your application should be uploaded to your submission.

We advise applicants to familiarise themselves with the online application form ahead of time to ensure any technical issues can be resolved ahead of the deadline. Applications will only be accepted on the online application form, any other formats such as Word, will not be accepted. Any applications or any additional material submitted post deadline will not be considered.

Summary Information, Contact Details and Business Information

The initial section of the application asks you to provide details about your organisation.

Section/Field	Guidance
Names of Applicant Organisation	Provide the name of the lead applicant business

Project Title	A brief title that can be used to summarise the project
Primary barrier Category to which you are applying	Most applicable category for your technological solution
Confirm Start Date	Please confirm 1 February 2027 to start work assuming successful funding Projects should aim, where at all possible, to plan for a project start date of 1 February 2027 (this will be subject to completing financial due diligence).
Project duration	Enter the expected duration in months, taking into consideration the maximum project length of up to 31 January 2030
Location of Main Project Activity	Give the location and postcode in the UK where the majority of the project activity will be taking place.
Total Project Costs	This figure should match the figure calculated in the Project Cost Breakdown Form. It should be the total value of the project including all eligible costs which includes the company contribution match funding amount.
Company contribution	This is the amount of total eligible project costs that you will be paying from your own resources/private sector investment into the project.
Department for Energy Security and Net Zero Grant Applied for	This is the amount you will be asking for from the Department. You should ensure that you do not request a grant higher than the maximum allowed, taking into account all public-sector funding for the project.
Grant Funding requested as percentage of total funding	This is the percentage of total costs that the grant makes up. It cannot be more than you are eligible for as set out in Section 8.
CRL at start of project	Select the CRL from the drop-down menu that most accurately represents your technology at the start of the project. CRL definitions are listed in Annex 2.

CRL at end of project	Select the CRL from the drop-down menu that most accurately represents where your technology will be at the end of the project. CRL definitions are listed in Annex 2.
TRL at start of project	Select the TRL from the drop-down menu that most accurately represents your technology at the start of the project. TRL definitions are listed in Annex 2.
TRL at end of project	Select the TRL from the drop-down menu that most accurately represents where your technology will be at the end of the project. TRL definitions are listed in Annex 2
Delivery Phase for software at the start of project	Select the phase from the drop-down menu that most accurately represents your software at the start of the project. Software definitions are listed in Annex 3.
Delivery Phase for software at the end of project	Select the phase from the drop-down menu that most accurately represents your software at the end of the project. Software definitions are listed in Annex 3.
Contact Details	Name and details of the person who will be the main point of contact for the application process
Organisation Name	Provide the full registered name of the organisation applying for funding
Business Type	Please select from the drop-down menu
Number of employees (including directors)	Number of staff in your organisation (this will help us confirm the nature of your company)
Number of employees that will be directly involved in the proposed project	State the number of employees from your company that you expect to be directly involved in the project you are proposing.
Business Registration Number	Your business registration number as listed by Companies House.

Turnover (in most recent annual accounts)	Please provide your most recent turnover figure from annual accounts and the date of those accounts
Balance Sheet Total (total assets net of depreciation)	Please provide your most recent balance sheet total (total assets net of depreciation) and the date of the calculation.
Business maturity	Please enter the age of the business since its formal formation, this includes any periods of dormancy with Companies House.
Does the business have a parent company?	We need to understand if there any significant shareholders in your business. The parent company details should be provided in the Parent Company details section.
How has the business been funded?	Please select all the types of funding that your company has received to date.
Which grant support category are you applying under?	You must select one of the subsidy categories from the drop-down list. The options are: Support for Research and Development projects – Industrial Research Support for Research and Development projects – Experimental Development For more details on the subsidy requirements, see Section 8 of these Guidance Notes. You must indicate that you comply with the financial obligation rules by providing the relevant information.
Is this a collaborative project?	If you are applying collaboratively, please provide details of the partner organisations in the Application Form. If you are applying as a collaboration, you must also submit a copy of formal Heads of Terms agreed between all the collaborators (i.e. partners). Prior to the issuing of a Grant Offer Letter, you will have to submit to the Department a copy of the collaboration or agreement that you propose to work under. You should be

	aware that the Department will not approve any grant claim until it has received a final signed copy of this agreement. Sub-contracting work to a third party does not classify as a collaboration.
Parent Company Details	If you have a parent company, or are more than 25% owned by another enterprise, you must provide the details of that enterprise here.

Project Description and Company Status

This section of the application asks you to provide an initial summary of your project and company as an introduction for the assessors.

Section/Field	Guidance
Company Status	This should be a summary description of your company which should set the scene for the assessors and introduce your company. This question is not scored but will be used by assessors to gain a high-level understanding of the company before they start their detailed assessment.

Section/Field	Guidance
Project Description	This should be a summary description of the project which should set the scene for the assessors and introduce your proposed project. You should use language that can be understood by people without specialist knowledge or expertise. This question is not scored but will be used by assessors to gain a high-level understanding of the project before they start their detailed assessment.

Public Statement

This section provides a public statement that the Department can use for publicity purposes.

Section/Field	Guidance
Public statement	This should be a brief summary of the project which should describe your company and project. This summary should focus on the specific details of the project, not describe the benefits of heat pumps more generally. You should use language that can be understood by people without specialist knowledge or expertise. It should explain why the project is innovative and describe the key aims and objectives. The Department reserves the right to amend the description before publication if necessary but will consult you about any changes. This should not contain reference to any intellectual property as this description will be made available in the public domain if the application is successful. This question is not scored.

Additional information

Any data or references that might help to support your answers that cannot be included in the application form should be provided to the Department as a separate attachment within the additional information section of your application. These may include tables of data, diagrams.

Project Cost Breakdown Form

Within assessment sub-criteria 4A, you will need to complete the Project Cost Breakdown Form. The information should be consistent, and match any figures provided within the body of your application.

You should only submit one Project Cost Breakdown form for the project, which should combine the costs of all project partners. Within the project cost breakdown form and the application, you should make clear how funds will be split between partners.

The Department Cost Breakdown Form consists of the following worksheets:

- Guidance
- Summary
- Labour & Overhead Costs
- Capital Equipment costs
- Material costs
- Travel & Subsistence costs
- Other costs
- Subcontractor costs
- Location Breakdown
- Organisation Funding Breakdown

Each of these sheets can be accessed by using the scroll bar at the bottom of the worksheets.

Within the spreadsheet there are grey cells which are auto-calculating based on data in the manual entry cells, information should not be entered into these. All blue cells are manual entry boxes or drop-down boxes into which data can be input; Each tab provides example in the first row on how to fill out the form. Additional guidance on exactly what information should be input often be found by clicking into cells.

Guidance on eligible costs is provided in Annex 2 of these guidance notes.

Guidance on what needs to be entered in some fields is provided within the sheet when you click on the box.

Worksheets only need to be completed if you have costs in those categories, so for example, if your project has no planned capital equipment or sub-contract costs, the form will assume these entries are £0 and calculate without them.

Project Funding Definitions

The table below provides an overview of terms used within the Project Cost Breakdown form. Applicants should refer to the Assessment Criteria which will be used to assess your Project Cost Breakdown Form in Section of this Competition Guidance.

Section/Field	**Guidance**

Total company contribution	This is the amount of total eligible project costs that you (and any partners / collaborators) will be paying from your own resources/private sector investment into the project.
Source of company contribution	Please state the source of your company contribution to the total costs (your match funding). If you have partners / collaborators, include their contributions here as well.
Amount of the Department grant applied for	This is the amount you will be asking for from the Department. You should ensure that you do not request a grant higher than the maximum allowed, taking into account all public sector funding for the project.
Other Public sector funding applied for	Please provide full details of other funding that you are currently applying for or have already applied for or received in relation to this particular project. This data is important as other public sector support is counted as part of the grant you can receive for the project and total subsidy contribution. Do not include grants that have been used to reach this point in the development process and are now completed.
Total project value	Please add total company contribution, amount of the Department grant applied for, and other public sector funding applied for to give the total value of the project
Grant funding requested as a percentage of total funding	Input percentage calculated in the Project Cost Breakdown Form. N.B. This figure must be compliant with the relevant subsidy category under which you are complying.
Project Start Date and End Date	Please indicate when (subject to approval) you would expect to be able to start your project, and when you expect it to complete. Please be aware that there are restrictions on project length and make sure your project completes within the maximum time allowed. The start date should only be considered as an indication. Should you start your project before final approval any costs will be incurred at your own risk, will not be eligible for grant,

	and will not be included in project costs you can claim against.

Project Quarterly Breakdown Worksheet

This worksheet provides the breakdown of all costs across the duration of the project. It represents the spending profile you expect for your project. In entering this information, you should ensure that the profile is consistent with the timings of the various work packages you are proposing within the project plan.

You must ensure that the total, in the spreadsheet, for each category matches the total that has been calculated on the individual worksheets. Any changes made to the spreadsheet post application will need to be made via the change request process (see Section 6).

Section 14: Use of AI

Guidance for Applicants on use of AI in applications[12]

1. **You may use AI tools, but you must remain accountable.** If you use AI to help draft your submission, you remain fully responsible for the content provided, including its accuracy, completeness and compliance with the competition requirements.
2. **Disclose any AI assistance.** State clearly where and how AI tools were used (e.g. drafting, summarising, editing, translation, analysis). Include the name/type of tool(s) used, what inputs were provided, and what human review was undertaken.
3. **Do not use confidential buyer/client information as AI training data.** You must not input, upload, or otherwise provide confidential tender documentation, scheme documentation, or any confidential buyer/client information (or information not already in the public domain) into AI systems in a way that could be retained, learned from, or used to improve models or future outputs.
4. **Protect personal and sensitive information.** Do not enter personal data or sensitive information into AI tools unless you have a lawful basis and appropriate safeguards, and the competition documents explicitly permit it. Where possible, use redaction and minimisation.
5. **Keep an audit trail.** Keep proportionate records of AI use (e.g. prompts, versions, outputs, human edits/approvals) so you can explain and evidence how your response was produced if requested.
6. **Check for errors, hallucinations and IP issues.** Ensure all claims, figures, compliance statements and references are verified. Confirm you have the rights to use any material included in your submission and that AI outputs have been reviewed for potential third-party IP risks.

[12] https://www.gov.uk/government/publications/ppn-0224-improving-transparency-of-ai-use-in-procurement

7. **Be prepared for clarifications and additional evidence.** Where AI has been used, the Department may request clarification, supporting documents, demonstrations, or presentations to validate capability, capacity, robustness and credibility. Respond promptly and provide evidence in the same way you would for any other ambiguity or uncertainty.

8. **Engage your delivery team early.** Ensure the people who will deliver the service have reviewed and can stand behind the proposed approach, including any AI-enabled elements in delivery.

Annex 1 – Eligible Costs

General Guidance on Eligible Costs

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

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

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

List of Eligible Costs

Eligible costs are defined as the following:

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

Travel and Subsistence Costs

All travel and subsistence for the activities associated with the delivery of the project and participation in Heat Pump Ready must be in line with the Department staff policy which is summarised below (full policy available on request):

Accommodation: When required as part of attending collaboration and dissemination activities to stay overnight prior to or after an event that is a significant distance from your home or work, accommodation may be claimed at the following rates:

- London: up to £166 per night – including breakfast
- Elsewhere (UK): up to £118 – including breakfast

Travel:
If it is essential to travel, train should be the default option for all domestic travel, unless the journey is covered by one of the following exceptional circumstances:

A. Your journey is not viable by any other mode of transport than air travel

B. Your journey is in connection with urgent face to face emergency response arrangements

C. You have accessibility requirements which cannot be met by train

D. You have caring responsibilities which would be compromised by travelling by train due to the length of the journey

E. Your journey by train will be more expensive than travelling by air (but if this is the case you will need to provide assurance to the department that the journey is unavoidable and that you have made every effort to identify a cheaper rail ticket).

Rail travel must be booked at standard class however by exception, first class travel may be permitted where the Department is satisfied that:

- it would constitute a “reasonable adjustment” under the Equality Act;
- a temporary “reasonable adjustment” is required e.g. due to injury or pregnancy related, or a condition where it will impact safety or cause a worsening or adverse effect on the condition;

First class travel must be approved by the Department ahead of travel.

Car travel is not a favoured form of transport for the Department unless travelling as part of a group. Where car travel is required, mileage is claimable at a rate pf 45p per mile for up to 10,000 miles per year, with a 5p mile supplement per passenger. It is the responsibility of the driver to ensure car is in good working order of their car, compliance with MOT regulations, and suitable insurance for work purpose; the associated cost of these are not eligible under the Department policy.

Taxis are permissible where:

- staff travelling alone or in small groups feel more secure than taking public transport;
- this is an appropriate reasonable adjustment (this includes journeys to work where agreed with HR); and/or

- it is the most economical transport available considering journey time or number of travellers.

Subsistence:

Breakfast (early start from home) – rather than staying overnight ahead of Heat Pump Ready events, attendees may claim £6 for breakfast where they leave their home 90 minutes earlier than usual to attend the event

- Lunch - where lunch is not provided at the event, £6 may be claimed.
- Evening meals: dinner, or evening meal may be claimed when staying overnight, with an expense of £18 per night, which includes a soft drink only.

For each of the above, project teams should retain their receipts to be reviewed by their Monitoring Officer.

Guidance on Rates for University Consortium Partners

University partners can be part of a HPR Competition consortium where they are needed to add value to a project. Where higher education institutions are carrying out non-economic activities, they can claim 80% of the Full Economic Costs (FEC) of their project work, calculated using the Transparent Approach to Costing (TRAC) methodology. This is in line with the approach taken by other Government funding bodies which are funding higher education institutions. If higher education institutions are carrying out economic activities on a HPR project, they will be allocated grant funding at the relevant subsidy ratio for the size of the organisation and the type of innovation activity undertaken (see Section 8 guidance on subsidy ratio levels).

Guidance on Overhead Rates

Overheads are additional, indirectly incurred costs that are necessarily incurred by the applicant in undertaking the work. The Department normally calculate overheads as a fixed percentage of all direct labour costs at 20%, but in exceptional circumstances, that must be fully detailed in the application, the Department will generally pay overhead rates between 10% and 40% of labour rates. The overhead rate is agreed with the Department before the Grant award documents are issued and cannot be changed during the work.

List of Ineligible Costs

Under no circumstances can the grant be claimed or used:

- For activities of a political or exclusively religious nature;
- In respect of costs reimbursed or to be reimbursed by funding from other public authorities or from the private sector;

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

Guidance on Costs of Key Senior Staff

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

Annex 2 – Technology Readiness Levels and Commercial Readiness Levels

Technology Readiness Levels (TRLs) are an indication of the maturity stage of development of particular technology on its way to being developed for a particular application or product.

Below are some broad definitions of the TRLs.

Research	
TRL 1 – Basic Research	Scientific research begins to be translated into applied research and development.
TRL 2 – Applied Research	Basic physical principles are observed, practical applications of those characteristics can be 'invented' or identified. At this level, the application is still speculative: there is not experimental proof or detailed analysis to support the conjecture.
Industrial Research (guideline)	
TRL 3 – Proof of technical concept	Experimental proof of critical technical functions and validation of feasibility for application. Active research and development is initiated. This includes analytical studies and laboratory studies to physically validate analytical predictions of separate elements of the technology. Examples include showing the performance of critical technical features or components are feasible (even if not yet integrated or representative of real-life environment). This stage is beyond “discovery science” (TRL1) and applied research (TRL2) and investigates a novel technological or scientific advance with some category of application in mind. The scientific principles of the novel or innovative aspect are already characterised with hard experimental data points that enable prediction of performance, but the science is not necessarily in the final engineered format. In this stage, analytical and experimental studies measure parameters of interest, characterise properties and performance, and validate the theoretical predictions. For example, with new materials or combinations of materials, a range of formulations or combinations may be tested to explore the boundaries of

	performance and to select a combination with the necessary properties for commercial exploitation. System components are not yet fully integrated e.g. the lab demonstration of a new photovoltaic material may show desired properties in a controlled atmosphere but applications will require a suitable encapsulation method. Technology principles may be demonstrated in computer models and computer simulated environments where appropriate. A key output from this stage is to identify how results differ from the expected or necessary performance for future applications and where improvement is necessary.
TRL 4 – Lab and Test Bench Demonstrations	Lab and Test Bench Demos of sub-systems & key components. Modelling & experimentation with parameters representing future conditions. Application proof-of-concept. Modelling and experimentation with data or parameters that represent future conditions (cf. TRL4). “Bench” demonstrators’ show that the core technology components or subsystems based on the lab research could be engineered in practice, behave as predicted, and results indicate that the performance needed for a future application is achievable albeit with further optimisation. Bench demonstrations may focus on the key innovative component of the proposed system/product or demonstrate an entire system with simulated inputs or use of substitute subsystems. For large scale technologies the “bench” demonstration may be at smaller scale and would include tests of scale models in tanks and tunnels. If new manufacturing methods will be required, the feasibility of these will be investigated at this stage.
TRL 5 – Development Prototypes	The system, sub-system, components, or sub-scale units are integrated with reasonably realistic supporting elements so they can be tested in a simulated or representative environment. Critical cost assumptions are carefully investigated and the feasibility of the proposed manufacturing process is tested. A new manufacturing step may require a separate “product development” process for the manufacturing equipment. Prototype components

	and sub-systems are developed and improved to show that all the proposed technical components can provide the performance which will be required for future application (including: longevity, reliability, energy efficiency). Representative hardware and software components are tested in way that realistically simulates anticipated operating conditions or allows realistic predictions to be made. A relevant environment may be: laboratory test rigs with simulated use conditions, a controlled operational environment, or basic field tests. A test rig for new component technologies may be a version of the end-product. Intended functionality, size/form factor, and performance features are known at this stage. Successful development prototypes (components) become the basis for a demonstration prototype for full field tests.
Experimental Development (guideline)	
TRL 6 – Engineering or Demonstration Prototype	Full-scale system in representative conditions - Engineering Prototype. Representative full-scale prototype system is tested in a relevant environment. Proof-of-application. Critical cost factors and new manufacturing capability are refined at this stage e.g. use of cost effective materials, demonstration that new components can be manufactured, demonstration of any new manufacturing steps or processes. Not all secondary interfaces or user features are (necessarily) available yet. Representative prototype is demonstrated in a relevant environment to prove engineering feasibility. The component/sub-system designs selected at previous stage are validated. Demonstration prototypes are typically fitted with a range of monitoring/measurement systems and operated in real-life systems and conditions with continual adjustment to confirm or optimise performance claims. Core functionality, size/form factor, and benefits of the proposed product should all be demonstrable but not all end-user features or interfaces are necessarily available at this stage. Some third part measurement validation or tests are usually best done at this stage (particularly to validate improved performance over other technologies or to confirm any necessary

	certification and approvals that need to be obtained).
TRL 7 – Operational Prototype (Alpha Product)	Near or at planned operational system, requiring demonstration of an actual system prototype in an operational environment. Prototype for prolonged use at “tame” client or user site. All planned functions, interfaces integrated for monitored trials under the developer’s control. Alpha product prototypes are at or close to the proposed final product configuration which can be fully tested in an “in-house” trial in operational or client-like environments with integration to all systems or interfaces which will be experienced in-use. Alpha trials should validate in-use performance and also test the following: integration to all other relevant systems, features needed to support proposed installation and maintenance procedures, exposure to all other influences likely to be experienced in the “user-environment” etc. All the manufacturing steps will be tested at this stage and repeatable samples provided. Third party specialist tests would be done at this stage if not possible earlier. Prototypes may have minor re-designs following alpha tests but should not be subject to major re-designs if earlier stages have been completed properly. “In-house” means the developer runs and the trial and has access to the system(s) during the trial. Performance is not public but Alpha tests could be at "tame client" sites. Companies would not typically expect to sell prototypes at this stage.
TRL 8 – Production Prototype (saleable Beta product)	System Incorporated in Commercial Design - Production Prototype (or process). Development is complete, final design and feature set, limited release to appropriate number of clients, all fulfilment procedures trialled and documented. Trials under client / users control and operation. Technology is proven to work - technology design for production or roll-out is completed and qualified through test and demonstration.

	Development complete, final design and feature set, limited market release to appropriate number of clients, all fulfilment procedures trialled and user documentation complete. Saleable product. (cf. TRL 8 / 9) A beta or pre-production prototype is the configuration which the venture expects to sell repeatedly. These designs are finalised to a product specification and ready for repeat production. Client trial would validate: all the features and functions of the system perform as needed under expected conditions. A full product beta test includes trialling sales processed (to some extent by signing up "beta-clients"), delivery and installation procedures, integration and commissioning procedures, instructions for use, monitoring, support and maintenance procedures. Suppliers will provide short-runs of components or assembled product. There needs to be a sufficient number of beta-sites to validate the product or solution is repeatable and reliable. At the end of a successful beta test the company should be in a position to sell the product to a client for reliable on-going use. Repeated sales may be measured in 10's or 1000's depending on the technology and the cost of making iterations or improvements to the product design. However, by the above staged process, when the "beta" product prototype is prepared the venture has confidence that they could make repeated sales which will not require a re-call or levels of remedial support that would hamper the company's future progress.
TRL 9 – Marketable Product	Marketable Product: proven in repeated use - Product being sold in market, scaling up sales volumes. Actual application of technology is in its final form - Technology proven through successful operations.

Commercial Readiness Levels (CRLs)

CRLs are a scale to measure a technology or product's readiness for commercial launch by evaluating its market viability. See below for some broad definitions

CRL	Definition
1	Basic hypothesis that a new technology would be commercially viable.
2	Basic market awareness demonstrated.
3	Applications of technology found.
4	Identify support needed from supply chain, plus any certification and regulatory requirements.
5	Financial model for sales, costs and margins established.
6	Confirm exploitation routes; form partnerships across the value chain; and certification and regulatory requirements underway
7	Financial model/commercial viability validated.
8	First commercial system built; route to market established; market assumptions updated.
9	Technology has been introduced to market.

Annex 3 - Agile Phases for Software Development

The table below provides a summary of the software development phases in agile delivery. Please see https://www.gov.uk/service-manual/agile-delivery for full descriptions.

Phase	Definition	Duration	Stages
Discovery Phase	Before you commit to building a service, you need to understand the problem that needs to be solved. That means learning about: - your users and what they're trying to achieve - any constraints you'd face making changes to how the service is run - for example because of technology or legislation - the underlying policy intent you've been set up to address - this is the thing that government wants to change or make happen - opportunities to improve things - by sharing data with other teams, for example What you learn during discovery should help you work out whether you want to move forward to the alpha phase. Running an alpha means you've decided that	There's no set time period for a discovery, but around 4 to 8 weeks is typical. If you're working on a problem that no one's researched before, you might need a bit longer.	Set your goal for delivery Define the Problem Focus on learning: - Understanding users and their context - Understanding constraints - Identify Improvements you might be able to make - Consider how to measure success - Consider how to share learnings

	the benefits of looking further into the problem outweigh the cost.		
Alpha Phase	Alpha is where you try out different solutions to the problems you learnt about during discovery. Spend alpha building prototypes and testing different ideas. With any online solutions you try out, build things that are just complex enough to let you test different ideas, not production quality code. Expect to throw away any code - and lots of the ideas you test - at the end of alpha. By the end of alpha, you should be in a position to decide which of the ideas you've tested are worth taking forward to beta.	Alphas tend to last between 6 and 8 weeks.	A crucial part of alpha is identifying your riskiest assumptions and testing them. What these are will depend on the service you're building. You need to work towards solving a whole problem for users. Your service needs to work well across all the channels a user might use to access it. Test Accessibility Alpha is finished when you've got a prototype that's substantial enough to help you make a decision about whether to move on to the beta phase or not.
Beta Phase	The beta phase is where you take your best idea from alpha and start building it for real. It also involves thinking about how your service will integrate with (or start to replace) existing services, and preparing for the transition to live. Structure your beta phase so you can roll out the service to real users - while	Dependent on project	During beta, focus on making sure that the solution you've chosen works as well as possible by carrying out user research and starting to gather data on how successful the service is based on the success metrics you identified in alpha.

	minimising risk and maximising the potential to learn and iterate the service. You'll start out in 'private beta'. This involves inviting a limited number of people to use your service so you can get feedback and improve it. Once you've improved the service and are confident you can run it at scale, you take an assessment to move into 'public beta'. This involves opening up your service to anyone who needs it. If you're replacing a legacy service, keep the legacy service running until your new service moves into its live phase.		Iterate the service based on what you learn. You need to work towards solving a whole problem for users. You should work towards providing a service that works well across all the channels a user might use to access it. You'll need to show that you're making reasonable progress in improving the user's experience in different channels. As part of providing a service that everyone can use, at your beta assessment you'll need to show how you've run regular accessibility testing on your service and run research sessions with disabled people.
Live Phase	The live phase is about supporting the service in a sustainable way, and continuing to iterate and make improvements. You'll also: - continue to address any constraints you identified at beta - continue to develop the service and work	Dependant on Project	You'll need to work out how to run your service sustainably during live. This does not necessarily mean having an agile team on the service 100% of the time. Spend time during public beta working out what level of continuous improvement it makes sense to support,

	with other organisations providing services that are part of the same journey, so that you're iterating towards solving a whole problem for users - transition or integrate any existing transactions that meet a similar need to yours - making sure that what you end up with has a scope that makes sense to users		and who you'll need on the team.

Annex 4 – Monitoring & Reporting Requirements

The Department requires all funded projects to report on key information of interest to the Department. The below requirements are to ensure a consistent approach to reporting evidence, and to track and measure key outputs, outcomes and impacts. The evidence collected is used to demonstrate the impact of the programme on achieving the government's Net Zero ambitions and is necessary to be able to run any potential future competitions.[13]

Project lead organisations will be required to report on progress at various intervals for each project, including at the start of the project, during project delivery, at project closure and for three years after project closure. The Department will supply funded projects with a reporting template to complete at set intervals, and recipients are expected to return the template to their Project Monitoring Officer upon completion, who will review and quality assure it.

Please note that it may at times be necessary to make changes to the monitoring and reporting modes or frequencies. We will endeavour to keep all changes to a minimum and communicate any implications to you via the Project Monitoring Officers in advance of collection.

Beyond these monitoring and reporting requirements, the Department conducts independent evaluations of many of its programmes. The funded project organisation will be required to collaborate in reasonable evaluation activities, including, but not limited to, providing programme-specific KPIs, completing questionnaires or surveys, participating in interviews and workshops, communicating the learnings from the project, providing costs/sales data and elaboration of any of the measures covered in the monitoring and reporting.

The Department will be collecting the following information:

<u>Monthly Reporting</u>
Project team to prepare slide deck ahead of monthly meeting with Technical Manager to cover:

- Summary of key deliverables complete last month and work completed towards next months' deliverables (or similar)
- Key achievements and highlights
- Timeline Summary
- Grant Claim:
  - When is the next claim due?
  - Are you on track to complete and submit milestone claim on time?
  - What key dependencies are associated with you submitting your claim on time and how are these being managed?
- Significant activities forward look
- Risks and issues

[13] However KPIs are not used as a project management tool and the KPI collection process is not designed to have a bearing on project delivery decisions (such as invoice payments).

- Change control

Quarterly and annual KPI reporting will be undertaken from project inception to 3-year post project completion. Post completion, projects will only report annually.

Quarterly Reporting

Category	**Question**	**Project Lead Organisation**
Technology Readiness Level (TRL)	What is the current TRL of the innovation that is being funded?	
	When do you expect to reach TRL 9?	
Commercial Readiness Level (CRL)	What is the current CRL of the innovation that is being funded?	
	When do you expect to reach CRL 9?	

Annual Reporting (Information to be provided each September)

Category	**Question**	**Project Lead Organisation**	**Project Partner 1 (if relevant)**
Jobs	Within your organisation, how many FTE posts have been directly involved in delivering the project since it started within the UK?		
	How many new FTE posts have been created as a result of the project activities?		
Business relationships	Apart from consortium relationships or collaborations how many other contractual relationships have you formed as a result of the project since it started?		
	How many non-contractual business		

	relationships have you formed as a result of the project?		
Commercialisation progress	What if any steps towards commercialisation has the innovation achieved since its start?		
	How many, if any, national standards has the product or service passed since its start?		
	How many, if any, international standards has the product or service passed since its start?		
Patents	How many applications for patents has this project resulted in since the project started?		
	How many, if any patents has this project resulted in since the project started?		
Publications	How many academic publications have been generated as a result of the project?		
Knowledge exchange and dissemination	How many if any events for the purpose of sharing/exchanging knowledge have been produced as part of the project?		
Follow on funding	Have you been able to secure any follow-on funding for the innovation funded under this project?		

	What is the source any follow-on public-sector funding?		
	What is the amount of the follow-on public-sector funding?		
	What is the source any follow-on private sector funding?		
	What is the amount of the follow-on private sector funding?		
Barriers to heat pump uptake	What is the primary barrier your project falls under?		
	Extent to which the project has overcome the barrier?		
	Is your project supporting overcoming any other of the 4 barrier(s)?		
	Extent to which the project has overcome the barrier(s)?		
Installed innovation testing	How many units/homes has the innovation been installed into as part of testing?		
	How many units/homes has the innovation been installed into under an existing government funded scheme/programme (please also name the scheme/programme)?		
Sales	How many sales of the innovation		

	have been generated (i.e. units paid for)?		
	How many export sales of the innovation have been generated?		
Information for Chief Scientific Advisor's Office	Amount of funding across financial year (FY) against Recipient type: Public Sector, Business Enterprise (all), Business Enterprise (SME), Higher Education, Private non-profit, other, Funding recipient not known		
	Amount of funding each FY against Region: North East, North West, Yorkshire & Humber, East Midlands, West Midlands, London, South East, South West, Wales, Scotland, Northern Ireland, Non-UK, Unknown		
	Amount of funding each FY against Research stage: Basic Research, Applied Research, Experimental Development, Research Stage not known.		
	Private investment each FY against source: Co-investment, Follow on investment, wider investment attracted		

Annex 5 – Stage Gate details

Stage Gate Reviewing Panel
The reviewing panel may include but are not limited to the following:

1. The DESNZ Project Monitoring Officer. This is the person most in contact with the project on a working level. As such, they can act as independent advocate for the project by confirming the validity of reasons for slippage or scope-creep, while providing an honest opinion about the project, their progress, and feasibility of project plans.
2. The DESNZ Technical Manager will use their knowledge and understanding of the quality of deliverables, progress against schedule and risks and issues to assess the project.
3. Policy lead representative subject to availability

Stage Gate Criteria & Scoring
There are up to seven criteria which the reviewing panel will score based on the review of the project. These are Technical Progress, Demonstration Readiness, Schedule, Resourcing & Governance, Finance, Quality & Improvement, and Risks & Issues. The sub-questions for each criterion as shown in Table 1 will help guide the reviewers towards a score. The reviewing panel will provide an initial score and comments against each criterion for all projects prior to the project's Stage Gate Review based on the presentation submitted. The scores will be reviewed again in the wash-up section of the Stage Gate Review to determine a consensus score. If a consensus score cannot be reached, then an average score will be taken for each criterion and the total score will be rounded to the nearest whole integer to determine the final outcome.

A RAG rating system will be used to score each criterion:

- Green is a pass with minimal or no action required to resolve and receives a score of 5.
- Amber – Green is a pass but an area of slight weakness, which the project should seek to improve upon, receiving a score of 4.
- Amber is an area of weakness which the project should seek to address, receiving a score of 3.
- Amber-Red is an area of concern, requiring remedial action, receiving a score of 2.
- Red is a fail and area of significant concern, where the project must take remedial action and receives a score of 1.

Outcomes will be based on the following scores:

- Continue (C): 25 – 35
- Rectify (R): 16 – 24, or the project receives a score of Amber-Red (2) or lower in any of the Stage Gate Criteria.
- Terminate (T): 15 or below.

Table 8: Stage Gate Criteria

1.Technical Readiness The project's technical approach is reasonable and technical work is progressing satisfactorily with no major areas of concern.
a) Have any fatal flaws been identified in the technology/approach itself? b) Are there any critical 'blind spots' in the project? i.e. Is the project ignoring any major technical uncertainties? c) Are there any specific areas of technical weakness in the project? d) Are the required inputs for completing deliverables being provided?
2. Commercial Readiness The project's plan and technical design for the innovative solution is reasonable, clear, and appears achievable at this stage.
a) Is the overarching plan for the innovative solution clear and reasonable? b) Is the plan for obtaining, developing and/or transporting the required hardware/software (depending on project's primary target barrier) for the innovative solution reasonable and progressing according to the project timeline? c) Are risks/challenges (including safety considerations) understood and are mitigation plans either in place or progressing well?
3. Schedule and Milestones The project is on track to be completed by 1 February 2030.
a) Is the project plan kept up to date and regularly reviewed? b) Are planning assumptions and the critical path well understood? c) Have deliverable due dates for the project been met? If not, has adequate reasoning/justification been provided? d) Have there been any delays to date? If so, has the project recovered? e) Are there any likely future project delays which will/could impact the end date of the project? f) Is the future project plan feasible and is there sufficient contingency to allow for any potential delays? g) Are any changes to the schedule anticipated? If so, does the project have a reasonable plan for recovery?
4. Resourcing & Governance The project team has appropriate skills and resourcing and there is a good governance structure in place
a) Is the resourcing sufficient to deliver the remainder of the project without impacting timeliness of deliverables? b) Are the required resources available/committed to the project? c) Is the project team appropriate and competent at delivering the project? d) Have any changes in the project team been clearly communicated and well justified? e) Is there a clear and well-established governance structure in place? f) Does the project have a clear methodology for capturing and implementing lessons learned?
5. Finance The project budget is under control and in line with the most up-to-date Project Plan and Finance Table.
a) Does the total spend to date align with the most up-to-date Project Plan and Finance Table? b) Does the predicted total spend of the project align with most up-to-date Project Plan and Finance Table? c) Has the project submitted any project change requests that would affect the spend profile stated within the most up-to-date Project Plan and Finance Table?

d) Is invoicing on-track and is the forecast for the Payment Milestone Schedule reviewed and updated regularly? Is this accurate? e) Were all/any changes, including changes to key suppliers, well communicated, and justified?
6. Risks & Issues The project risks and issues are well-managed and kept up to date and mitigations / management are valid.
a) Is there a clear risk management approach? b) Have major risks been identified and well mitigated? c) Have any risks materialised since project start that were not foreseen pre-project? d) Has the risk log been regularly updated? e) Were risks that became issues appropriately identified, reported, and managed? f) Have existing issues been captured and detailed/reported on how they will be managed? g) Are there any issues which have been raised in the past 6 months that have not yet been addressed? h) Has the project submitted project change request(s) to mitigate risks/issues? Was this adequately justified?
7. Lessons Learned
a) Have the deliverables submitted so far been of good quality? If not, why? b) Has the project reporting (e.g. monthly/quarterly meetings) been of sufficient quality? c) Have submitted grant claims been well managed and provided suitably high quality evidence of deliverables? d) Were any submitted change requests well communicated, reasonably justified, and have they been accepted, or rejected? e) Has it been easy to communicate and work with the project team? f) Does the project respond sufficiently to feedback and requests for change/improvement? g) Any additional lessons learned in the last 6 months?
Recommendation: Continue / Rectify / Terminate

Annex 6 – Declaration 1: Form of bid

This annex can be found on the HPR Innovation Funding Competition webpage.

Please note that you will need to upload the completed version of this Declaration to the relevant section of the online application form.

Annex 7 – Declaration 2: Conflict of Interest

This annex can be found on the HPR Innovation Funding Competition webpage.

Please note that you will need to upload the completed version of this Declaration to the relevant section of the online application form.

Annex 8 – Declaration 3: Standard Selection Questionnaire

This annex can be found on the HPR Innovation Funding Competition webpage.

Please note that you will need to upload the completed version of this Declaration to the relevant section of the online application form.

Annex 9 – Declaration 4: The General Data Protection Regulation Assurance Questionnaire for Contractors

This annex can be found on the HPR Innovation Funding Competition webpage.

Please note that you will need to upload the completed version of this Declaration to the relevant section of the online application form.

Annex 10 – Declaration 5: Statement of non-collusion

This annex can be found on the HPR Innovation Funding Competition webpage.

Please note that you will need to upload the completed version of this Declaration to the relevant section of the online application form.

Annex 11 – Declaration 6: Modern Slavery Statement

This annex can be found on the HPR Innovation Funding Competition webpage.

Please note that you will need to upload the completed version of this Declaration to the relevant section of the online application form.

Annex 12 – Model Grant Funding Agreement (Grant Terms and Conditions)

This annex will be uploaded to the HPR Innovation Funding Competition webpage on **24 April 2026** and will cover:

Grant Offer Letter Template
Grants Terms and Conditions
Annex 1 – Parental Guarantee
Annex 2 – Standard Independent Accountant's Report
Annex 3 – Minimal Amounts of Financial Assistance

Annex 13 – Communications Guidance

Introduction

The aim of this guidance is to advise on best practices for communicating project results and impacts. The guidance will help equip project teams with the tools and knowledge needed to effectively communicate their achievements and outcomes, ensuring long-term benefits and continued support. It covers communication and engagement strategies for funded projects who are coming to the end of their funding cycle, including methods for disseminating outcomes, engaging with stakeholders, and leveraging media and digital platforms. It is intended for use by project managers, communication officers, project partners, project sub-contractors and others involved in project outcome dissemination and outreach activities.

DESNZ Approvals and Engagement

The Communications team at DESNZ request to be informed about all communications associated with projects funded by the department, to ensure effective and collaborative dissemination of project outcomes and information. Table 1 below provides a summary of some key communications that require **support from** the Department:

Category	Details to provide to DESNZ	Examples of activities requiring DESNZ approval	Time in advance for DESNZ approval
Upcoming events and announcements	Details about conferences, seminars, workshops and other events	• Any announcements at conferences. • Attendance of high-profile speakers, **including MPs** or **Ministers.** • Public outreach event details	• At least 2 weeks • At least 4 weeks, if the activity involves a minister
Project highlights	Significant findings, publications or breakthroughs.	• Press releases announcing a significant outcome. • Publishing any report or study on their outcomes • Presentations at significant events	• At least 2 weeks
Media requests	Handling enquiries and requests from the media.	• Invitations to interview by journalists (please provide us with a list of questions you will be asked, if possible). • Requests for appearances on television documentaries or other programmes. • Invitations to take part in podcasts (please outline what the agenda is, if possible). • Any representations or citation of DESNZ funded projects on any media outlet.	• At least 3 weeks

Securing additional funding	Announcements on public grants or private investment that has been secured, or any other means of financial support	• Publicising a major funding award • Statements or press releases which announce successful applications for funding	• At least 2 weeks
Achievements and awards	Releases related to recognition via awards or honours towards, products and achievements	• Press releases relating to successes at major awards ceremonies or other honours.	• At least 2 weeks

Table 1. Summary of communications products that require approval by the Department for DESNZ funded projects.

Communications Guidelines

Funding announcement:

• Funding announcements will be coordinated by the Department for Energy Security & Net Zero in the first instance – recipients should not make their own announcements around receiving funding unless given explicit approval beforehand.
• Project participants or funding recipients can coordinate their own funding announcements for the same day but must not precede the initial announcement. The Department should always be referred to in full as the "Department for Energy Security & Net Zero; the abbreviation "DESNZ" is not to be used in externally published material.

Funding recipients must ensure:

• To handle all sensitive information with the utmost care and in accordance with the programme's confidentiality agreements.
• Project teams **must not** disclose any information about **competitors' results or projects**. Please avoid making **comparative statements** that could be perceived as **negative** towards **other projects or stakeholders**.
• **Not to share confidential** or **sensitive information** about the programme or its stakeholders.
• Projects putting out their own press releases **should** include reference to the Department, in both the main body of the release and notes to editors.
• We encourage project stakeholders to share KPIs that highlight the successes of achieving key outcomes and milestones in their press releases or posts. These could include but not limited to an increase in number of jobs created, amount of private investment secured or significance of actual CO2 abatement.
• Projects putting out their own press releases: please ensure reference to the Department for Energy Security and Net Zero is included both in the main body of the release and notes to editors (your departmental contact will be able to provide boilerplate text for inclusion – see text below).
• Following an announcement, and during a project's lifecycle, the standard terms and conditions on publicity and communications must be complied with. The agreement of the Department for Energy Security & Net Zero should be obtained before any further new announcement or dissemination of material occurs, however please discuss with your programme officer regarding BAU comms (which won't necessarily need departmental approval each time) and communications plans.

• The Department for Energy Security & Net Zero should be contacted around future announcements and milestone events to allow quotes to be arranged for any media releases and the appropriate minister should be invited to all landmark events as a courtesy (e.g. groundbreaking, grand opening etc).

Digital and Social Media

We encourage recipients to be proactive in their use of social media, particularly Twitter and LinkedIn.

DESNZ does not need to approve any individual digital and social media posts considering any relevant content would have already followed the Communications Guidelines When describing or promoting projects funded by government allocations, and at key milestones, recipients should use the following hashtags (#), as appropriate:
• A social media hashtag reflecting the type of theme the technology falls under for example: #Hydrogen #Heatpumps #CarbonCapture etc.
• Always include @energygovuk within tweets and @DepartmentforEnergy Security & Net Zero for LinkedIn posts to ensure the department can amplify your social media content.
• Alongside the above hashtags, please also include more general hashtags such as: #ClimateChange, #UnleashingInnovation, #ClimateSolutions, #CleanEnergy #NetZero, #BoilerUpgradeScheme and/or #BUS.
• Any tweets should be drafted to be re-tweetable by the ministers and departmental social media accounts, allowing third parties to follow project development. For guidance on how best to use social media, recipients may refer to Government Digital Service social media guidance: https://gdsengagement.blog.gov.uk/playbook/

Events

Whilst we encourage and support projects to involve themselves in attending or organising upcoming industry events, projects **must advise** DESNZ in advance if they have **significant participation** relating to their DESNZ funded project.

Significant participation includes but is not limited to delivering keynote speeches, hosting or participating in panel discussions, leading workshops, or attending presentations where major findings are announced or discussed. Additionally, if they wish to have a Minister present or invite a Member of Parliament, it is important l to inform DESNZ early to facilitate the necessary coordination and approval:

• We encourage projects to request ministerial attendance at appropriate events and quotes for press material however this cannot be guaranteed.
• If projects are planning press releases to coincide with events/openings/updates, please provide 2 weeks in advance for ministerial consideration.
• Please send us any press releases that you intend to publish as part of your event involvement, so we can review and look to provide a ministerial quote when possible.
• DESNZ will contact you if there are opportunities for involvement in any relevant events the department is running or partnering with to find out if you would be interested in taking part.
• If event timings align with prospective announcements, the department will notify relevant organisations and ensure press releases are shared within the appropriate timeframe.

Contact Information

For any urgent communication queries, approvals or to inform DESNZ of communications activities please email heatinnovation@energysecurity.gov.uk ensuring to cc in your programme monitoring officer and DESNZ Programme Lead.

DESNZ Boilerplate (for use in press releases and/or in Notes to Editor)

The Department for Energy Security and Net Zero provides dedicated leadership focused on delivering security of energy supply, ensuring properly functioning markets, greater energy efficiency and seizing the opportunities of net zero to lead the world in new green industries. The [Project Title] is funded as part of the Heat Pump Ready Programme.

COMMUNICATION AND BRANDING GUIDELINES

These guidelines provide clarity to projects which have received funding from the Department for Energy Security and Net Zero (DESNZ) on how best to collaborate around external communications and PR opportunities. By utilising branding assets from the Department for Energy Security & Net Zero, and working together in advance of comms moments, increases the profile of projects to your target audience and ensures appropriate recognition is provided to all organisations involved.

Language

Any press releases issued by funding recipients should make explicit reference to either the Department for Energy Security & Net Zero or the UK Government as having provided Heat Pump Ready innovation funding including the exact amount.

Ministerial quotes and attendance at events

We encourage projects to request ministerial attendance at appropriate events and quotes for press material however this cannot be guaranteed. If projects are planning press releases to coincide with events/openings/updates, please provide approx. 10 days for ministerial consideration.

Logos

For projects in receipt of the Department for Energy Security & Net Zero funding, the department's logo should be used in all marketing, event collateral and promotional materials with the tag line "funded by Department for Energy Security & Net Zero" alongside or underneath the logo as appropriate. These can appear alongside other company logos where multiple parties are involved in the delivery of the project. We encourage recipients to keep logos on your digital channels for as long as the project is running. HMG logos and guidance for their use are available through your relevant point of contact in the department.

Visits

The department scopes out potential visit opportunities for ministers right across the country where projects are progressing. There is a particular interest in being able to visit projects where exciting, novel technology can be displayed or demonstrated. If a project has met significant milestones, such as an investment or site opening, this will also be of interest. We ask that you work with your departmental contact to highlight relevant opportunities whilst considering the following:

- Providing a compelling synopsis of the project (e.g. first of a kind tech) and detailing the amount of funding received.
- Whether there is anything demonstrable on site and would work well as a photographic image or media story

• Linkages to job growth, local economic opportunities and details of carbon savings

Websites
Each recipient website should include a text description or link through to the Heat Pump Ready gov.uk page as well as display the appropriate Department for Energy Security & Net Zero logo in combination with this.

Annex 14 - Evidencing Seasonal Performance Factor

Where innovations funded materially influence the energy performance of heat pump systems, projects must demonstrate that the innovation, when integrated as part of a complete heat pump system, is capable of achieving a Seasonal Performance Factor of at least 3.5 in a real-world home environment by the end of the funded project period.

This means projects must record a minimum of 12 months' worth of performance data on an in-situ innovative heat pump system trialled within a home. The measurement of the SPF must be akin to the subsequent requirements.

Metering can either directly meet the requirements via established compliant metering packages or providers. Alternatively, on board or proprietary measuring equipment can be used if evidence is provided to the Department and/or the technical assurance contractor that requirements are met both in terms of technical capability and measurement boundary.

Metering equipment should be able to monitor:

- the seasonal performance factor (SPFH2), as defined by the SEPEMO-Build project
- user heating demand profiles of all heat pump systems tested under the project in actual homes.

Measurement hardware Components

- (Ground Source Heat Pumps only) Temperature sensors to measure ground loop flow and return temperatures.
- (Air Source Heat Pumps only) Temperature sensor (or data from a weather station within a 50-mile radius) to measure external air temperature.
- Temperature sensor to measure the indoor air temperature (for all installations).
- Heat meter(s) to meter heat output from the heat pump. More than one heat meter may be needed depending on the number of flow/return pipes entering/exiting the installation. Or, where one heat meter cannot be installed immediately, where flow/ return pipework exits the installation before the pipes diverge to feed different heating circuits.
- Heat meter(s) to meter the heat output of any additional heaters that are connected to the same heat distribution system. If the heat output cannot be recorded, the fuel or electrical input into these heaters must be metered instead.
- Electrical meter(s) to meter all electrical supplies feeding the installation.
- Temperature sensor(s) to measure internal room temperature(s).
- Temperature sensor to measure space heating flow temperature (the temperature sensor incorporated into the heat meter can be used instead of a separate temperature sensor).
- Temperature sensor to measure Domestic Hot Water (DHW) flow temperature (the temperature sensor incorporated into the heat meter can be used instead of a separate temperature sensor).

Other system components

- Data logger to receive and capture data from sensors.

Technical specifications

In addition to the above, all the various meters and sensors must meet high accuracy requirements as detailed in the following table. Please refer to the MCS Domestic RHI Metering Guidance for further details. Additional metering may also be necessary to accurately determine the performance of any innovative system configurations.

	Sensor Type	Minimum Resolution	Minimum Accuracy	Example Number Required	When Needed
1	Heat metering of heat output from heat pump and heat metering of all additional heaters that are connected to the same heat distribution system.	[Resolution of heat meter] ≤3% multiplied by [min. non-zero heat output in 2 minutes] AND heat meter resolution need not be finer than 1Wh.	Class 3 of Measuring Instruments Directive.	1x heat meter required for heat pump with 2-pipe output. 2x heat meters required for heat pump with 4-pipe or 3-pipe output or bivalent system with 2- pipe heat pump. 3 x heat meters required for bivalent system with 4-pipe or 3-pipe heat pump (Fewer meters may be used if manufacturer has integrated metering to their unit).	Always: A minimum of one heat meter always required.
2	Metering of all electrical supplies to heat pump included in heat measurement plus domestic hot water (DHW) cylinder where this is supplied by heat pump (In addition, all integrated electric heaters	[Resolution of electricity meter] ≤3% multiplied by [min. non-zero electricity input in 2 minutes] (High resolution meters should be used but electricity meter	Class A of Measuring Instruments Directive.	1x electricity meter where heat pump is incorporated into single unit. 2x electricity meter where heat pump is composed of two units. + 1x electricity meter for immersion heating where DHW is	Always: A minimum of one electricity meter always required.

	should be metered).	resolution need not be finer than 1Wh).		supplied by heat pump.	
3	Measurement of internal temperature, space heating flow temperature and DHW flow temperature, where this is supplied by the heat pump. (sometimes this may need to be separate to temperature measurements involved in heat metering).	0.1 degrees C.	Class B for Resistance Temperature Detectors (RTDs) (equivalent accuracy for other types of temperature sensor at typical measurement temperature).	3x temperatures sensors – includes space heating flow metering, DHW flow metering (where DHW supplied by heat pump), internal temperature.	Always: Indoor air temperature sensor plus flow and return temperature sensors of hot water exiting/ returning to the heat pump.
4	For ground-source heat pumps (GSHPs), measurement of ground loop flow and return temperatures.	0.1 degrees C.	Class B for RTDs (equivalent accuracy for other types of temperature sensor at typical measurement temperature).	2x temperature sensors for ground loop flow and return.	Only if appropriate: i.e. only necessary if a GSHP.
5	For air-source heat pumps (ASHPs) only, measurement of external air temperature. This sensor should be suitably sited out of direct sunlight and away from other heat sources.	0.1 degrees C.	Class B for RTDs (equivalent accuracy for other types of temperature sensor at typical measurement temperature).	1x temperature sensors (air source heat pumps only).	Only if appropriate: i.e. only necessary if a ASHP.

This publication is available from:

www.gov.uk/government/organisations/department-for-energy-security-and-net-zero

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