



Innovate
UK

Contracts for
Innovation



Llywodraeth Cymru
Welsh Government

WELSH GOVERNMENT CLIMATE INNOVATION SCHEME

DATGLOI Programme Fund 2026 – 2027

Applicant Guidance

Contents

Introduction to Welsh Government Climate Innovation.....	2
Preparing your application	14
Appendix A – Legal terms and conditions	22
Appendix B – Contracts for Innovation Procurement Approach.....	25
Appendix C – Roles and responsibilities	27

Introduction to Welsh Government Climate Innovation

What is the Climate Innovation scheme?

The Welsh Government's Climate Innovation scheme develops new climate approaches and solutions with partners across government, public services, business, academia and civil society, supporting a net zero, climate resilient future Wales.

Its mission is to unlock practical responses to complex climate delivery challenges where existing policy, regulatory, funding or market mechanisms alone are not sufficient to achieve the pace and scale of change required. Since 2015, the scheme has provided a real-world mechanism for testing, validating and demonstrating innovative approaches before wider adoption and investment.

The Climate Innovation scheme acts as a bridge between policy ambition and delivery reality. By developing practical, investable and repeatable models, it helps government and delivery partners better understand what works in practice, where barriers remain, and which approaches should be scaled, adapted or stopped.

DATGLOI¹, the Climate Innovation Programme for 2026-2027, is designed to support Wales' readiness for Carbon Budget 4 and the delivery ambitions of Welsh Government's emerging Climate Change and Nature agenda. It focuses on **four strategic themes**:

THEME 1 - Forestry and timber sector decarbonisation

THEME 2 - Agricultural anaerobic digestion

THEME 3 - Shared transport and charging hubs

THEME 4 - Integrated carbon and climate data systems

These themes were selected because they represent system-level challenges that are critical to Wales' future climate ambitions and readiness for Carbon Budget 4, where innovation can create practical pathways to delivery and future scale-up across Wales.

By March 2027, DATGLOI aims to provide trusted evidence, delivery models and practical solutions that help government and partners make informed decisions about future policy, investment and implementation.

Climate Innovation Scheme Principles

Benefits

Delivery-ready
innovation

¹ datgloi – Welsh *to unlock, to open* <https://geiriadur.ac.uk>

	• Provides a real-world, delivery-ready and evidence-based mechanism to support the shift from policy to delivery. • Tests practical responses to system-wide challenges where existing policy, regulatory or funding mechanisms have proven insufficient. • Helps Welsh Government and partners move from theoretical solutions towards trusted, investable and repeatable models. • Supports early mobilisation, market engagement and delivery within the 2026-2027 financial year.
Carbon Budget 4 and ministerial priority alignment	• Focuses innovation activity on themes that align with Carbon Budget 4, the 100 Days Plan and manifesto priorities². • Supports areas where system coordination is critical to future emissions reduction and climate resilience. • Helps develop evidence and delivery models that can prepare Wales for future climate and nature commitments. • Provides a balanced portfolio of priority themes endorsed by the Climate Innovation Programme Board.
System-level innovation	• Addresses barriers that cannot be solved through technology alone or by one organisation acting independently. • Focuses on institutional, operational, governance and delivery challenges as well as technical solutions. • Supports integrated approaches across sectors such as forestry, agriculture, transport, data, energy, nature and public services. • Identifies what should be scaled, adapted or stopped at pace.

² Note: The Welsh Government's First 100 Days Plan and wider Programme for Government are expected to be published shortly after the launch of DATGLOI. The strategic themes within this competition have been developed to align with current Ministerial priorities and are expected to remain relevant as the wider policy framework develops.

Public-sector led collaboration	• Enables public sector bodies, including eligible regional and national health bodies, to lead challenge responses while working with relevant partners. • Encourages collaboration across public services, business, academia, communities and civil society. • Supports integrated solutions that bring together the right expertise, data, delivery partners and stakeholders. • Strengthens cross-government and cross-sector learning through funded projects.
---------------------------------------	---

Evidence, value for money and future scale-up	• Generates defined outcomes within the current financial year while allowing for future activity if Ministers choose to continue the programme. • Builds practical evidence to inform future policy, investment and implementation decisions. • Supports value for money by focusing resources on strategic challenges where innovation can add clear value. • Enables match funding and wider investment opportunities to be actively pursued where appropriate.
---	---

Since 2015, the [Climate Innovation scheme](#) has supported the development of innovative climate approaches and solutions with partners across government, public services, business, academia and civil society. Projects supported through the scheme are expected to demonstrate strong collaboration between organisations and sectors. Public sector bodies, businesses, academia, civil society and other stakeholders each have an important role to play in identifying challenges, developing evidence and supporting implementation. While projects may involve a range of collaborators, responsibility for project delivery, procurement, monitoring and reporting remains with the successful Lead Applicant.

Recent Climate Innovation Programmes such as Whole System Research and Innovation for Decarbonisation (WSRID) and Hydrogen Business Research Innovation for Decarbonisation (HYBRID) have demonstrated how targeted innovation support can help address complex decarbonisation challenges by generating evidence, testing approaches and developing projects capable of attracting further investment or implementation activity.

The 2026-2027 DATGLOI Programme (see below) builds on this experience but as noted above it is shaped by a more immediate delivery challenge: preparing Wales for the next phase of climate action, including Carbon Budget 4, the emerging Climate Change and Nature Action Plan, and the new Welsh Government's priorities for practical delivery, system change and long-term resilience. DATGLOI is intended to

support the shift from policy to delivery by helping Welsh Government and partners move from theoretical solutions towards trusted, investable and repeatable models that can be scaled, adapted or stopped at pace.

The four strategic themes of DATGLOI align with ministerial priorities, Carbon Budget 4 readiness, manifesto commitments and areas where system-level innovation can add value:

These themes reflect areas where existing policy, regulatory, funding or market mechanisms alone are unlikely to deliver the pace and scale of change required. Applicants should show how their proposals respond to these strategic priorities and how the proposed project will generate practical evidence, delivery models or implementation pathways capable of informing future policy, investment and delivery decisions.

Key **strategic policy drivers** of DATGLOI include:

- The Welsh Government's Carbon Budget 3 and emerging [Carbon Budget 4 framework](#), which place increasing emphasis on practical delivery, system-wide action and the need to accelerate emissions reduction across key sectors. DATGLOI is specifically intended to help prepare Wales for the delivery challenges associated with Carbon Budget 4 by testing approaches that can support future policy and investment decisions.
- Plaid Cymru manifesto commitments relevant to climate delivery, including commitments to use public procurement to develop the supply chain for Welsh timber, promote innovation and business growth in the sector, and work with the sector to deliver the Welsh Timber Industrial Strategy. These commitments are particularly relevant to the forestry and timber sector decarbonisation theme, where innovation is expected to focus on delivery models, supply chain development, planning routes, environmental safeguards and investment structures. See [Making Wood Work for Wales: The Welsh Government's Timber Industrial Strategy \(2025\)](#), and related [Welsh timber](#) and decarbonisation evidence, which highlight the role of timber in decarbonisation, supply chain development, construction, rural economic opportunity and wider climate outcomes. Applicants under THEME 1 should consider how their proposals support practical routes to decarbonising forestry operations and strengthening the Welsh timber supply chain.
- THEME 3 reflects Plaid Cymru manifesto commitments to deliver a renewed EV charging strategy for Wales and an updated infrastructure plan for vehicle electrification, including targeted investment to expand charging infrastructure in communities that are poorly served by existing plans, particularly in rural areas. These commitments are directly relevant to the shared transport and charging hubs theme, where innovation is expected to focus on coordination, shared-use models, fleet transition, grid constraints, local access and scalable delivery approaches.

- Existing Welsh Government guidance on [home](#) and workplace charging of fleet vehicles, which highlights the importance of practical infrastructure planning and opportunities for organisations to share charging infrastructure. Applicants should consider how shared transport and charging hub proposals could support public sector fleet decarbonisation, improve infrastructure utilisation and address barriers to deployment.
- The Welsh Government is committed to deliver an updated Climate and Nature Action Plan for Wales, focused on a practical pathway to net zero by 2040, community energy, green skills and jobs, cleaner transport, energy-efficient homes and the protection and restoration of nature-rich landscapes. This commitment provides an important strategic context for DATGLOI as a delivery-focused programme that seeks to generate practical solutions across climate, nature, communities and the economy.
- The Welsh Government commitments to implement a science-led, outcomes-based and risk-proportionate approach to managing nitrate vulnerability across catchments. This is particularly relevant to the agricultural anaerobic digestion theme, where proposals may explore how AD at scale could contribute to methane reduction, nutrient management, circular economy outcomes, rural resilience and environmental protection.
- The Well-being of Future Generations (Wales) Act 2015, which requires public bodies to think long term, prevent future problems, integrate objectives, collaborate across organisational boundaries and involve people in decision-making. DATGLOI supports these ways of working by encouraging collaborative, evidence-led projects that address system-level climate challenges.
- The Just Transition Framework, which highlights the importance of ensuring that the transition to net zero is fair, inclusive and supports communities, workers and places across Wales. Applicants should consider how their proposals can generate wider benefits, including skills, local economic opportunity, community resilience and fair access to low-carbon solutions.
- The Welsh Government's current Innovation Strategy and Delivery Plan, which recognise the role of innovation in reducing carbon emissions from homes and transport, accelerating renewable energy generation and storage, and supporting cross-sectoral innovation activity. DATGLOI supports this by focusing innovation activity on practical delivery barriers and evidence-building.
- The Welsh Government's economic, skills and green growth priorities, include support for net zero skills, green jobs, innovation-active businesses and place-based economic opportunity. Applicants should consider how their projects can contribute to skills development, knowledge exchange, supply chain capability and future investment opportunities.
- Welsh Regional Energy Plans and Local Area Energy Plans are useful evidence sources for understanding place-based energy system challenges, infrastructure constraints and future investment needs. However, DATGLOI is not limited to energy planning. REPs and LAEPs should be used where relevant as part of a wider evidence base supporting Carbon Budget 4

readiness, climate resilience, land use, agriculture, transport, forestry, data and wider public service delivery.

- Ynni Cymru, Trydan Gwyrdd Cymru and wider Welsh Government energy initiatives, which provide important context for local energy, public value, community benefit, renewable generation and future delivery models. DATGLOI can complement these initiatives by testing practical approaches that help unlock delivery barriers and inform future investment decisions.
- The new Welsh Government Programme for Government is expected to provide further strategic context after the launch of this competition. Applicants are encouraged to consider any relevant policy announcements published during the application period and reflect these within their proposals where appropriate.

Collectively, these strategic policy drivers highlight the need for innovation that is **practical, collaborative and delivery-focused**. DATGLOI is intended to help Welsh Government and partners understand what works in practice, where delivery barriers remain, and which models should be scaled, adapted or stopped. Applicants should clearly demonstrate how their proposal supports one or more of the Programme's strategic themes, contributes to Carbon Budget 4 readiness, and generates evidence or delivery models that can inform long-term climate, nature, economic and public service outcomes for Wales.

The DATGLOI Climate Innovation Fund Programme

Description

The DATGLOI Climate Innovation Fund is the 2026-27 Climate Innovation Work Programme. Building on the successes and lessons from previous Climate Innovation initiatives, the 2026–2027 Programme supports the development of practical responses to complex climate delivery challenges where existing policy, regulatory, funding or market mechanisms alone are not sufficient to achieve the pace and scale of change required and to:

- Learn from innovative projects to address net zero carbon and economic aspirations and create tangible transformation on the ground.
- Deliver credibly in this field to enable capture of potential innovation funding opportunities from UK, Europe and private businesses when they arise and are appropriate.
- Explore a capital bridging mechanism for development leading to a regularised pipeline for successful decarbonisation innovation projects in Wales.
- Maintain a continuous competitive approach which encourages quality involvement and activities supporting Wales' pathway.
- Address structural barriers and difficulties affecting funding for decarbonisation innovation in Wales.
- Support innovation complementing and learning from Ynni Cymru's mission to expand community-owned renewable energy generation and Smart Local Energy Systems (SLES).

The Programme has been designed to support Welsh Government priorities for delivery, system change and long-term resilience while helping prepare Wales for the implementation challenges associated with Carbon Budget 4. It focuses on four strategic themes:

THEME 1 - Forestry and timber sector decarbonisation

Support Timber Industrial Strategy and domestic timber supply chain development.

THEME 2 - Agricultural anaerobic digestion

Support sustainable agricultural transition and nutrient management challenges.

THEME 3 - Shared transport and charging hubs

Support charging infrastructure expansion and shared charging models.

THEME 4 - Integrated carbon and climate data systems

Support evidence-led decision making and integrated climate reporting systems.

These themes were identified through cross-government engagement and evidence gathering and were selected because they represent system-level challenges where innovation can help develop practical, investable and scalable solutions.

The Programme aims to generate trusted evidence, delivery models and implementation pathways that support future decision-making, helping government and delivery partners determine what should be scaled, adapted or stopped beyond March 2027.

Objectives

The DATGLOI Climate Innovation Fund aims to support projects that address strategic climate and decarbonisation challenges facing Wales by developing practical evidence, delivery models and implementation approaches capable of informing future policy, investment and programme delivery.

The Programme has been designed to support Welsh Government priorities associated with Carbon Budget 4 readiness, climate resilience, innovation, economic development and place-based decarbonisation. In particular, it seeks to:

- Develop practical responses to system-level climate challenges.
- Generate evidence to support future policy and investment decisions.
- Strengthen collaboration between public bodies, businesses, academia and communities.
- Develop delivery models capable of replication and scale.
- Build confidence in innovative approaches that can accelerate decarbonisation and climate resilience across Wales.
- Improve Wales' readiness to deliver Carbon Budget 4 through practical evidence, delivery models and implementation pathways.

Regional Energy Plans (REPs) and Local Area Energy Plans (LAEPs) remain important sources of evidence when identifying challenges and opportunities. Applicants are encouraged to demonstrate how their proposals align with local, regional and national priorities where relevant. However, projects are not limited to energy planning priorities and may address broader climate, land use, transport, agricultural or public sector delivery challenges.

Applicants should demonstrate how their proposal contributes to one or more of the four priority themes of DATGLOI and supports the wider objectives of the Climate Innovation scheme.

Eligible organisations for Lead Applicants

Eligible Lead Applicants include:

- Corporate Joint Committees (CJCs)
- City Deals and Regional Growth Bodies

- NHS Wales Regional Bodies
- NHS Wales National Bodies
- NHS Wales Shared Services Partnership.

Lead Applicants are expected to provide the governance, accountability and procurement arrangements necessary to successfully deliver funded projects and manage grant funding on behalf of the project.

Lead Applicants are strongly encouraged to collaborate with relevant public sector organisations, including local authorities, other NHS Wales organisations, universities and other stakeholders, where appropriate. Such collaborations should strengthen project development, delivery and impact. However, responsibility for project delivery, procurement, monitoring and reporting will remain with the Lead Applicant.

Applicants should demonstrate that they have the capacity, capability and governance arrangements necessary to deliver the proposed project and manage any procurement activities required following grant award.

Delivery model

The DATGLOI Climate Innovation Fund provides grant funding to public sector organisations to develop innovative responses to the Programme's priority themes.

Successful applicants will receive grant funding to deliver an approved project and will be responsible for:

- Establishing appropriate project governance arrangements.
- Managing grant funding in accordance with Welsh Government requirements.
- Procuring any required specialist support or services.
- Monitoring project delivery and reporting progress.
- Sharing learning, evidence and outcomes generated through the project.

Projects are expected to demonstrate meaningful collaboration with relevant stakeholders, including public sector organisations, academia, industry and communities where appropriate. Collaboration is encouraged throughout project development and delivery to maximise learning, impact and future implementation opportunities.

Procurement

Applicants are expected to engage with their procurement teams prior to submission and demonstrate that procurement activities can commence promptly following grant award. Applications must include, as an annex, the draft tender specification that will be used to procure project delivery following grant award.

Projects will normally procure specialist research, technical, advisory or development support following grant award. The proposed procurement approach should be clearly described within the application.

Contracts for Innovation

The [Contracts for Innovation \(Cfi\) framework](#) is expected to be the preferred procurement route for projects where innovative research and development services are required.

The framework enables public sector organisations to work with suppliers to develop and test innovative approaches, while supporting the creation of practical evidence and solutions capable of informing future delivery and investment decisions.

Further information on Contracts for Innovation can be found in **Appendix B**.

The [Welsh Government Energy Service](#) (The Energy Service) will support the delivery of the DATGLOI Climate Innovation Fund Programme. The Energy Service will provide programme management, grant administration, technical support, knowledge sharing and monitoring support throughout the Programme. Since 2018, the Energy Service has supported public sector organisations across Wales with decarbonisation planning, project development, funding support and procurement advice. This experience places the Energy Service in a strong position to support applicants throughout project delivery.

Roles and responsibilities

The DATGLOI Climate Innovation Fund is intended to support collaborative approaches to addressing complex climate delivery challenges. Successful projects should bring together relevant stakeholders, expertise and evidence to develop practical solutions capable of informing future policy, investment and implementation decisions.

The Lead Applicant will be responsible for overall project governance, grant management and delivery. Successful applications must demonstrate that sufficient resources, capability and organisational commitment are in place for the duration of the project.

The Lead Applicant will be responsible for:

- Managing the grant award and associated reporting requirements.
- Establishing appropriate project governance arrangements.
- Procuring specialist support, research or development services where required.
- Managing project delivery and monitoring progress against agreed objectives.
- Coordinating engagement with project stakeholders and collaborators.
- Capturing and sharing project learning, evidence and outcomes.

The Welsh Government and Welsh Government Energy Service will provide programme oversight, grant administration support, technical guidance and opportunities for knowledge sharing across funded projects. Participating organisations will be encouraged to contribute feedback and lessons learned to help inform future Climate Innovation activities and wider Welsh Government policy development.

Scope of the programme

As The DATGLOI Climate Innovation Fund supports innovative projects that address strategic climate and decarbonisation challenges facing Wales. Projects should focus on developing practical evidence, delivery models, implementation approaches or system-level solutions that can help accelerate progress towards Welsh Government climate, nature and economic objectives.

The Programme focuses on four strategic themes:

THEME1 - Forestry and timber sector decarbonisation.

THEME 2 - Agricultural anaerobic digestion.

THEME 3 - Shared transport and charging hubs.

THEME 4- Integrated carbon and climate data systems.

Applicants should demonstrate how their proposal contributes to one or more of the Programme's four priority themes and supports wider Welsh Government priorities, particularly readiness for Carbon Budget 4 delivery, climate resilience, nature recovery, economic development and system-wide collaboration. Projects should aim to generate practical evidence, delivery models or implementation pathways capable of informing future policy, investment and implementation decisions..

As noted above the DATGLOI Climate Innovation Fund has been designed to address strategic delivery challenges associated with Wales' longer-term climate ambitions, including Carbon Budget 4, the developing Climate Change and Nature Action Plan and other ministerial priorities. Regional Energy Plans (REPs), Local Area Energy Plans (LAEPs) and other national, regional and local evidence bases should therefore be viewed as supporting inputs that help identify challenges, opportunities and delivery priorities within this wider context.

As an innovation programme, DATGLOI is intended to support projects that address significant delivery barriers, evidence gaps or system-level challenges where existing approaches are insufficient. Projects may address climate mitigation, adaptation, transport, land use, agriculture, forestry, energy systems, public service delivery or data and evidence systems. Applicants should clearly describe why innovation is required, what additional value the proposed project will deliver, and how it differs from existing activity or established practice.



Innovate
UK

Contracts for
Innovation



Llywodraeth Cymru
Welsh Government

Funding will not normally be awarded to projects that duplicate existing work or seek to implement already available solutions without a clear innovation, learning or evidence-building component.

Preparing your application

Key dates

The following table summarises key dates for the DATGLOI Climate Innovation fund Programme up to completion:

Open date	18 August 2026
Briefing and FAQ surgery events	20 August & 03 September 2026
Close date	30 September 2026
Interviews with Lead Applicant applicants	Beginning October 2026
Decision Release	End October 2026
Funding awarded to Lead Applicants	End October 2026
Feedback provided	End October 2026
Project Supplier Procurement	Beginning November 2026
Projects Delivered	26 February 2027

*All dates may be subject to change

Successful projects are expected to be delivered during the 2026-27 financial year, with all funded activity completed by end of March 2027.

The **Application Form**, supporting guidance and associated documentation can be accessed via the Energy Service website:

[Energy Service \(for public sector and community groups\): Grants | GOV.WALES](#)

The application should clearly describe how the proposed project will address one or more of the objectives of the DATGLOI Climate Innovation Fund Programme.

In completing an application, applicants should demonstrate a well-developed proposal that clearly addresses the Programme's strategic themes and objectives. Applications should provide evidence of strong governance arrangements, stakeholder engagement, procurement readiness and the capability to deliver the proposed project within the available timeframe.

Projects should demonstrate how they will generate practical evidence, implementation approaches or delivery models capable of informing future policy, investment and delivery decisions. Applicants should also explain how collaboration with relevant organisations, sectors and stakeholders will contribute to the success of the project.

An overview of the information required within the application form is provided below:

	1.1	Details of the Senior Responsible Owner overseeing delivery of the project.
--	-----	---

Section 1 – applicant details	1.2	Details of the individual responsible for day-to-day project management.
	1.3	Details of in-house project staff and any consultancy support involved in project delivery.
	1.4	Finance contact details.
	1.5	Procurement contact details.
	1.6	Details of organisations involved in developing the application and supporting delivery.
	1.7	Lead Applicant declaration and confirmation of responsibilities.
Section 2 – Project Proposal	2.1	Public-facing project title and summary.
	2.2	Explanation of how the project addresses the objectives and themes of the DATGLOI Climate Innovation Fund Programme.
	2.3	Strategic alignment with local, regional, Welsh and UK policy priorities.
	2.4	Description of successful project outcomes and anticipated benefits.
	2.5	Research and evidence supporting the proposed project.
	2.6	Justification for grant support and explanation of why existing solutions are insufficient.
Section 3 - Project Management and Delivery	3.1	Project delivery plan, milestones and governance arrangements.
	3.2	Procurement readiness and proposed procurement approach.
	3.3	Confirmation of review of the Contracts for Innovation procurement approach.
	3.4	Key project risks and mitigation measures.
	3.5	Stakeholder engagement and communications approach.
Section 4 – Financial details	4.1	Funding request and project cost breakdown.
	4.2	Additional value delivered under a higher funding scenario.
	4.3	Monitoring.
	4.4	Evaluation
Section 5 - Signatories		Confirmation of organisational approval and authorisation to submit the application.

Table 1. List of questions in the DATGLOI Climate Innovation Fund Application Form

Challenge and Project Funding Amount and Duration

VAT:

Applicants should include project costs inclusive of VAT when completing the application form. VAT treatment remains the responsibility of the applicant organisation and any suppliers procured as part of the project.

Grant awards from Welsh Government are made exclusive of recoverable VAT. Applicants should therefore ensure that any VAT assumptions included within their application are accurate and reflect their organisation's ability to recover VAT. Where applicants are uncertain regarding VAT treatment, they should seek independent financial or tax advice before submitting their application.

Suppliers that are VAT registered should include VAT within their quoted costs where applicable. Suppliers that are exempt from VAT may submit quotations exclusive of VAT, but will not normally be permitted to increase contract values subsequently to recover VAT costs not identified during procurement.

Where VAT has been paid to suppliers and the Lead Applicant subsequently recovers that VAT, Welsh Government reserves the right to review the value of support provided. Where it is determined that grant funding has exceeded eligible project costs as a result of VAT recovery, Welsh Government may require repayment of surplus funding that is not used for approved Climate Innovation activity. Requests to retain and repurpose such funding for activities that further advance the approved project may be considered on a case-by-case basis.

The DATGLOI Climate Innovation Fund has a total programme budget of £750,000 available for the 2026-27 financial year. Funding will support projects that address one or more of the Programme's four strategic themes and contribute to the objectives outlined within this guidance.

Applicants may submit proposals under both or singly:

- **A Lower Funding Scenario** – up to £125,000
- **A Higher Funding Scenario** – up to £250,000

Where a Higher Funding Scenario is proposed, applicants should clearly demonstrate the additional activities, outputs, outcomes and benefits that would be delivered through the increased level of funding. This should be described in Section 4.2 of the application form.

The Welsh Government intends to maintain flexibility in how funding is allocated across projects and themes. Final funding awards will therefore be determined through the assessment process and may vary according to the quality, strategic fit, deliverability and value for money demonstrated by applications. Welsh Government reserves the right to:

- Adjust funding allocations.
- Award less than the amount requested.
- Support a different number of projects than originally anticipated.
- Vary the allocation of funding between thematic areas.

Eligible Costs

Funding may be used to support activities required to deliver the approved project, including:

- Research and development activities.

- Feasibility studies.
- Technical analysis and evidence gathering.
- Specialist consultancy or advisory support.
- Development of implementation approaches, business cases or delivery models.
- Monitoring, evaluation and dissemination activities.
- Procurement of specialist services required to achieve project objectives.

Projects should clearly demonstrate how proposed expenditure contributes directly to delivery of the approved project and the objectives of the DATGLOI Climate Innovation Fund Programme.

Ineligible Costs

- Recoverable VAT
- Internal staff costs (e.g., staff members that are on the applicant's payroll)
- Retrospective expenditure incurred before grant award.
- General organisational overheads not directly attributable to the project.
- Costs associated with routine business-as-usual activities.
- Procurement of commercially available solutions where no innovation, research or development component is demonstrated.

Procurement and Contracts for Innovation

Projects are expected to procure specialist support immediately following grant award and applicants must demonstrate procurement readiness within their application. The proposed procurement route should be clearly explained, including the use of the Contracts for Innovation framework. Applicants must submit a draft tender specification as an annex to the application. This should demonstrate that the proposed project is sufficiently developed and capable of progressing to procurement immediately following award.

Procurement activities should focus on addressing clearly defined challenges or evidence gaps through innovative research and development activities rather than the procurement of established commercial solutions.

In-Kind Contributions and Match Funding

Match funding is encouraged but is not a requirement of the Programme.



Applicants should identify any financial or in-kind contributions that will support delivery of the project, including staff time, partner contributions, data provision, facilities, equipment or specialist expertise. Such contributions should be clearly described within the application and reflected within the project budget where appropriate.

Monitoring and Evaluation

All funded projects will be required to monitor progress and provide evidence of outputs, outcomes and learning generated through delivery.

Applicants should demonstrate how evidence, lessons learned and project outcomes will be captured, evaluated and shared. Particular emphasis should be placed on generating practical insights, delivery models and implementation approaches that improve Wales' readiness for Carbon Budget 4 delivery and inform future Welsh Government policy, investment and programme decisions.

Briefing and FAQ surgery Event

Prospective Lead Applicants and collaborating organisations interested in learning more about the DATGLOI Climate Innovation Fund are invited to attend a series of briefing and FAQ sessions.

The sessions will provide an overview of the Programme objectives, eligibility requirements, application process and assessment criteria. They will also provide an opportunity to ask questions and discuss proposals with representatives from Welsh Government and the Welsh Government Energy Service.

Briefing Event **20 August 2026**

<https://teams.microsoft.com/meet/323867817139584?p=v4za61QFIGHIJLSKk0>

FAQ / Applicant Surgery **3 September 2026**

<https://teams.microsoft.com/meet/383020596833307?p=EduACUAqkQRtVL5hIZ>

Further details, including joining instructions and event format, will be circulated in advance of each session. Presentation materials and supporting documents will be made available to organisations unable to attend.

To register your interest, please email arloesihinsawdd@gwasanaethynni.cymru or climateinnovation@energyservice.wales with the subject line:

'DATGLOI Event Registration'

Or use the Microsoft Teams links above.



Innovate
UK

Contracts for
Innovation



Llywodraeth Cymru
Welsh Government

How to apply

The deadline for submission of applications is 23:59 on 30 September 2026.

By submitting an application, applicants confirm that they have read and understood the Programme guidance and associated documentation. Submission of an application does not guarantee funding support from Welsh Government.

Completed applications and draft specification must be submitted by email to:

arloesihinsawdd@gwasanaethynni.cymru or
climateinnovation@energyservice.wales

Applications received after 23:59 on 30 September 2026 may not be considered.

Please use the following subject line when submitting your application:

DATGLOI Climate Innovation Fund 2026 – Full Grant Application

Applications must include evidence of organisational approval and support from the Lead Applicant. Electronic signatures, scanned signatures or email confirmations from authorised signatories are acceptable.

Lead Applicants should ensure that all collaborating organisations referenced within the application have been engaged during proposal development and are aware of their anticipated role in supporting project delivery.

Further information

Previous Climate Innovation programmes, including WSRID and HYBRID, have generated valuable lessons and project case studies that may help inform the development of new applications. Applicants are encouraged to review previous Climate Innovation case studies and consider how their proposals build upon existing evidence, learning and delivery experience.

Information on previous Climate Innovation projects can be found on the Welsh Government website: www.gov.wales/climate-innovation-scheme

If you have any questions regarding the application process, eligibility, procurement requirements or the wider Programme, please contact:

climateinnovation@energyservice.wales

Assessment Process

The final decision on all applications will be made by the Climate Innovation Programme Board. The deadline for submission of applications is 23:59 on 30 September 2026. Shortlisted applicants will be invited to present their proposals to the Programme Board during October 2026. The exact dates and arrangements will be communicated following the application deadline.

Welsh Government reserves the right to amend submission, interview, assessment and award dates where necessary. All eligible applications will be assessed by the Climate Innovation Programme Board against the criteria outlined below.

Shortlisted applicants will be invited to deliver a short presentation on their proposal, followed by a question-and-answer session with Programme Board members. The purpose of this session is to provide clarification, test deliverability and enable applicants to further explain the benefits and strategic fit of their proposal.

Applicants will be informed of the outcome of the assessment process following completion of Programme Board deliberations. Funding will be awarded to successful projects approved by the Climate Innovation Programme Board.

The application form and supporting information submitted by the applicant will form the basis of any subsequent funding agreement between Welsh Government and the successful Lead Applicant unless otherwise agreed.

Assessment Criteria

The Climate Innovation Programme Board will assess applications against the following criteria:

- Alignment with the objectives and priority themes of the DATGLOI Climate Innovation Fund Programme (Application Questions 2.1 and 2.2).
- Strategic fit with local, regional and national policy priorities, including climate, nature, economic and innovation objectives, Carbon Budget 4 readiness and wider Welsh Government climate and nature priorities. (Application Question 2.3).
- Potential to generate practical outcomes, wider benefits and opportunities for replication or scale (Application Question 2.4).
- Strength of the evidence base and research underpinning the proposal (Application Question 2.5).
- Demonstration of the need for innovation and justification for grant support (Application Question 2.6).
- Delivery capability, governance arrangements, procurement readiness and risk management (Application Section 3).
- Strength of stakeholder engagement and collaboration arrangements (Application Sections 1 and 3).
- Value for money and appropriateness of the proposed funding request (Application Section 4).
- Monitoring, evaluation and learning strategy (Application Question 4.3).

Criteria will be assessed on the basis of:

Assessment Table			Max Score Available (100)
Capability	Evidence	Remark	
Applicant likely to be able to meet requirements of the programme	Application Content is comprehensive and relevant and substantiated by independent evidence where possible	Absolute Confidence	100
	Application is sufficient (in qualitative terms), convincing, and credible.	Confidence	80
Small risk that applicant will not be able to meet requirements of the programme	Application has minor gaps, or to a small extent is unconvincing or lacks credibility	Minor Concerns	60
Moderate risk that the applicant will not be able to meet requirements of the programme	Application has moderate gaps, is unconvincing or lacks credibility	Moderate Concerns	40
Significant risk that the applicant will not be able to meet the needs of the programme	Application has major gaps, is unconvincing or lacks credibility in many respects	Major Concerns	20

Applications which do not provide sufficient evidence against the criteria will be asked to provide additional detail to address points raised by the Climate Innovation Programme Board in order to progress award the challenge. Learnings from this process will be used to inform and improve future shaping of the programme.

Grant Award Process

If successful, a notification of award will be sent and a Grant Offer Letter will be issued.



The Grant Offer Letter should be signed within 10 days of its receipt. To accept the grant, an appropriately senior person will need to sign the letter and provide bank details.

Money can be spent from the date of the initial notification of award.

There will be requests for progress reports or meetings throughout the grant period. Grantees (“Challenge Owners” in the terminology of the Contracts for Innovation framework) must submit a grant variation request to the Welsh Government Energy Service regarding any material changes to the approved project e.g. change in scope, deliverability within required time period, or required grant value. They must email climateinnovation@energyservice.wales.

Grantees are required to provide access to operational staff for interviews or surveys, respond to requests for case studies and press releases, and agree to reasonable requests to share learning and insights. This includes, but is not limited to, sharing design and sharing case study information

We expect most grantees to make a single claim, however for more complex projects up to two (2) drawdowns can be made as part of your agreed grant offer. Funds should be drawn down in arrears, as and when costs are incurred. Payment requests will be made using a claim form.

Applicants must follow claiming standards specified by the Energy Service. This includes provision of PDF invoice evidence to cover 100% of the project costs. Templates of the required claiming documents will be provided to applicants upon signing the Grant Offer Letter.

Defrayal evidence should be provided as part of the claim submission. This can for instance include remittance advice, redacted bank statement, receipted invoice.

Appendix A – Legal terms and conditions

Intellectual Property

Intellectual property is retained by businesses participating in the grant programmes, with user rights exercised by the Lead Applicant under a separate contract under fair and reasonable terms.

Lead Applicants are encouraged to seek their own legal advice on the treatment of IP when contracting with businesses in line with pre commercial procurement rules.

Most questions from participating businesses centre around intellectual property. The statement below has been used by Welsh Government in the past and attempts to clarify the position. It is provided to help you as a potential CLIMATE INNOVATION



grant programme manager to understand the terms you would need to engage with businesses on.

Intellectual Property Statement

In running the CLIMATE INNOVATION grant programme, Welsh Government must comply with UK pre-commercial Procurement rules and the [Procurement Act 2024](#). We encourage commercialisation of all new products and process that might result from this grant programme, and it is not our intention in any way to disadvantage any organisation from successfully exploiting any IP generated through the project.

With regard to existing background IP, Applicants retain all the rights to both foreground and background IP, but will be expected to grant certain royalty-free license to the funder for use of the foreground IP. IP rights, including foreground and background IP, should be included in the contract for clarity.

However, in recognition of our risk sharing through our funding and support in the research and development and in keeping with the requirements of the Pre-Commercial Procurement rules, we as the public purchaser would like to ensure that others have the opportunity to benefit from our investment in the new innovations supported through this CLIMATE INNOVATION process. This includes an option to require successful applicants to provide free unlimited access to all intellectual property which may be generated through the CLIMATE INNOVATION funding to the Welsh Government, and to third parties by way of non-exclusive licences under market conditions.

Any further development or activities which incur additional costs by the applicant at a later date and beyond the CLIMATE INNOVATION would require a separate legal agreement and must comply with government tendering rules.

A successful CLIMATE INNOVATION project does not guarantee that the Welsh Government will procure the resulting innovation.

UK Subsidy Control Act 2022

Subsidy Control overlays the UK, European Union (EU) and World Trade Organisation (WTO) rules on subsidies.

Contracts for Innovation grant programmes involve procurement of R&D services at a fair market value and are not subject to subsidy control criteria that typically apply to grant funding.

CLIMATE INNOVATION in adopting the Contracts for Innovation model, utilises the implementation of the UK Procurement Act 2023 which allows exemption from public procurement directives for the procurement of Research and Development (R&D) services. Responsibility resides with the Welsh Public Sector Organisation leading the

challenge to ensure compliance with Subsidy Control rules, as Challenges must fit within UK and Contracts for Innovation pre-commercial procurement rules:

i) **The scope is R&D services only:** R&D can cover activities such as solution exploration and design, prototyping, up to the original development of a limited volume of first products or services in the form of a test series.

"Original development of a first product or service may include limited production or supply in order to incorporate the results of field testing and to demonstrate that the product or service is suitable for production or supply in quantity to acceptable quality standards". R&D does not include commercial development activities such as quantity production, supply to establish commercial viability or to recover R&D costs, integration, customisation and incremental adaptations.

(ii) **The application of risk-benefit sharing:** In pre-commercial procurement, the public purchaser does not reserve the R&D results exclusively for its own use: Public authorities and industry share risks and benefits of the R&D needed to develop new innovative solutions that outperform those available on the market.

(iii) **A competitive procurement designed to exclude State aid:** Organising the risk-benefit sharing and the entire procurement process in a way that ensures maximum grant programme, transparency, openness, fairness and pricing at market conditions enables the public purchaser to identify the best possible solutions the market can offer.

Public sector organisations can apply for 100% of funding for their eligible costs under the following conditions:

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

Confidentiality

Whilst the Welsh Government will take all reasonable steps to protect any information designated by you as confidential which is disclosed as part of an Application, it is important that you are aware of limitations placed by the Freedom of Information Act 2000 (the "Act") on the Welsh Government's ability to comply with your expectations of confidentiality. The Welsh Government can only preserve the confidentiality of your information in accordance with its obligations under the Act.

Appendix B – Contracts for Innovation Procurement Approach

The DATGLOI Climate Innovation Fund applies the UK Research and Innovation (UKRI) Contracts for Innovation (CfI) as the preferred procurement route where innovative research and development activities are required.

Contracts for Innovation is a public sector procurement mechanism designed to support the development and testing of innovative solutions where existing products, services or delivery approaches may be insufficient to meet identified needs. It enables public sector organisations to work with suppliers to explore, develop and evaluate new approaches while generating practical evidence that can inform future policy, investment and implementation decisions.

The Contracts for Innovation framework can help public sector organisations to:

- Address complex challenges where established solutions do not currently exist or are unsuitable.
- Stimulate innovation through the procurement of research and development activities.
- Generate evidence, prototypes, delivery models or implementation approaches capable of informing future investment and delivery decisions.
- Create opportunities for businesses, research organisations and innovators to develop and test new ideas in real-world settings.
- Reduce the risks associated with developing and deploying innovative approaches.

The DATGLOI Climate Innovation Fund is a Contracts for Innovation competition. Successful applicants are required to consider Contracts for Innovation as the preferred procurement route where specialist research, technical development or innovation support is required following grant award. Applicants should therefore engage procurement colleagues early in the application process and consider whether the framework is appropriate for their proposed project.

Where Contracts for Innovation procurement is used, suppliers will be selected through an open and transparent procurement process in accordance with applicable procurement requirements. Intellectual property arrangements, commercialisation opportunities and rights of use will be determined through the procurement documentation and associated contractual arrangements.

Applicants are expected to engage with procurement colleagues during application development and demonstrate procurement readiness through submission of a draft specification alongside their application.



Innovate
UK

Contracts for
Innovation



Llywodraeth Cymru
Welsh Government

Further information on Contracts for Innovation can be found on the UKRI website:
<https://www.ukri.org/what-we-do/browse-our-areas-of-investment-and-support/innovate-uk-contracts-for-innovation/>

Appendix C – Roles and responsibilities

The table below summarises the respective roles and responsibilities of organisations involved in the delivery of the DATGLOI Climate Innovation Fund Programme.

Welsh Government / Welsh Government Energy Service	Lead Applicants ("Challenge Owners")	Project Suppliers ("Solution Providers")
Develop programme guidance and supporting documentation.	Identify a project opportunity aligned with one or more DATGLOI priority themes.	Support delivery of the agreed project scope.
Deliver programme briefing and FAQ sessions.	Prepare and submit the Grant Application.	Deliver specialist research, technical, advisory or development services as commissioned.
Appraise applications and make funding recommendations.	Establish project governance arrangements and secure organisational approvals.	Contribute evidence, analysis, recommendations and project outputs.
Issue grant award letters and administer grant funding.	Manage grant funding and compliance with programme requirements.	Participate in project monitoring and reporting activities where required.
Provide programme oversight and assurance through the Climate Innovation Programme Board.	Procure suppliers and specialist support following grant award, where required.	Provide information required for project evaluation and dissemination.
Provide advice and guidance on programme requirements and procurement approaches.	Act as the primary point of contact for Welsh Government and project stakeholders.	Support knowledge sharing and dissemination activities where appropriate.
Monitor overall programme delivery and outcomes.	Manage day-to-day delivery of the project.	
Capture programme-level learning and communicate findings to	Monitor project progress, manage risks and report outcomes.	

Welsh Government and wider stakeholders.		
	Capture, evaluate and disseminate project learning, evidence and recommendations.	

Lead Applicant Responsibilities

The Lead Applicant (“Challenge Owner” in Contracts for Innovation terminology) will be accountable for the governance, management and delivery of the funded project.

Whilst collaboration with local authorities, other public sector organisations, universities, businesses and other stakeholders is strongly encouraged, responsibility for project delivery, procurement, reporting and compliance remains with the Lead Applicant.

Role of Collaborating Organisations

Collaborating organisations may contribute expertise, evidence, data, stakeholder engagement, governance input or implementation support. Their involvement should be clearly described within the application and demonstrated through appropriate commitments at the point of application.

Role of Welsh Government and the Energy Service

Welsh Government and the Welsh Government Energy Service will provide programme oversight, grant administration, technical support and opportunities for knowledge sharing. Their role is to support successful delivery of the Programme and maximise the learning, evidence and impact generated through funded projects.