Market Improvement Fund

STRATEGIC PANEL
& Committees

Market Improvement Fund

Applicant Handbook

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History of the fund

In December 2019 Ofwat approved Change Proposal CPM018: 'Treatment of MPS charges and OPS charges' allowing for a proportion of trading party MPS (Market Performance Standards) and OPS (Operational Performance Standards) charges to fund innovative projects which are "market enhancing and address market failure"[1]. It was determined that the Market Operator (MOSL) would facilitate a 'Market Improvement' fund on behalf of the Strategic Panel, who are responsible for the fund.

About this handbook

This handbook, along with the Terms and Conditions provides you with all the information needed to apply for the Market Improvement Fund (MIF), including:

- The background and objectives of the Market Improvement Fund
- Who can apply, and how
- What is required to apply.

It is strongly recommended all applicants read the handbook along with the Terms and Conditions prior to applying for funding. If you have any queries, please contact MIF@mosl.co.uk.

About the Market Improvement Fund

Overview

The Market Improvement Fund (MIF) is designed to fund projects that will make improvements to the non-household market, its customers, and the environment. Through MIF, we are looking for initiatives that would not otherwise be able to be explored or invested in. We are interested in all types of projects that would add value to the market and drive improvements for customers and the environment. However, those that align with the actions of the Strategic Panel's Roadmap to a Flourishing Market[2] are particularly encouraged.

[1] Change proposal CPM018: 'Treatment of MPS and OPS charges'

[2] Set out in Strategic Panel Roadmap to a Flourishing Market (20 September 2024)

Initiatives can be at any stage, as can the technologies, practices, and models you may use to deliver them.

Projects must align with three principles outlined in the 'What we are looking for' section.

Fund timeline and key dates - fourth funding round

Applications to the fourth funding round of the MIF will open on 17 February 2025 and close at 12 noon on 28 February 2024. The Selection Committee is expected to complete their assessment in April 2025 prior to making a recommendation to the Strategic Panel. MOSL is expected to announce which projects have been awarded funding in May 2025.

For more information on the fund, please visit the MIF webpage.

What we are looking for

To be eligible for the fund, all applications need to align with the following high-level principles as set out within section 9.6.2 of the Market Arrangements Code (MAC):

- Any project or activity should enhance market functioning and/or benefit non-household customers
- Any project or activity would not be considered business as usual or a project or activity that would ordinarily be undertaken by MOSL or other parties
- Any project or activity would be expected to deliver benefits to the market in general and not confer any competitive advantage to any trading party or groups of trading parties.

How successful projects will be selected

After the deadline at **12 noon** on **28 February 2025** all applications will be assessed against the eligibility and assessment criteria.

The applications will receive an initial eligibility review by the MOSL MIF Project Team, followed by a formal assessment performed by the MIF Selection Committee.

The MIF Selection Committee will have four Panel members, with at least three required to be quorate. The Selection Committee will consist of a wholesaler representative, a retailer representative, a customer representative and at least one independent member. The Selection Committee can co-opt additional members who might bring specific expertise to assist in the selection process.

The MIF Selection Committee will evaluate applications and determine scores against the following categories:

- Benefits – description, and appropriate supporting evidence, for the anticipated benefits/outcomes of the project if adopted by the industry for the market and the non-household customer
- Financial – appropriate business case with clear articulation of benefits vs cost, and evidence of value for money in how the project will be delivered
- Delivery confidence – assessment of managerial commitment and ability to deliver a successful project, including sources of funding required outside the MIF.
- Alignment with the Strategic Panel roadmap – clear explanation of how the project aligns with the aims of the Strategic Panel's Roadmap to a Flourishing Market and supports delivery, either directly or indirectly.

The MIF Selection Committee will have the discretion to make recommendations which do not align fully to the ranking of applications under the scoring system if such decisions can be clearly justified as being in the interests of the market and its customers and in accordance with Section 9.6 of the MAC (following CPM018). All recommendations are subject to final approval by the MAC Strategic Panel.

The MIF Selection Committee will provide the Strategic Panel with a list of recommended awards, related scores, and the rationale where any award has been recommended for a project which had a lower score than any another project/(s) which were not recommended.

As well as making recommendations for successful applications the MIF Selection Committee, with appropriate support from MOSL, will also agree the following for each award:

- Timing of payment – one payment or series of staged awards
- Conditions required to be met prior to any staged payment being made – including performance conditions or evidence of delivery
- Any activity specifically excluded from being funded
- Additional specific progress reporting requirements over and above those proposed within application.

Successful applications will be individually notified by MOSL in May 2025. The award of funds will be subject to completing appropriate financial and legal due diligence procedures, carried out by MOSL. Unsuccessful applications will also be notified by MOSL, with feedback as to why their application was not successful.

The award of funds will take place once the Funding Agreement has been signed by each applicant for its successful bid, as well as MOSL. All successful awards will be published on the MOSL website.

Please note, the information you provide in your application may be shared for the purpose of administering the fund e.g. with our due diligence providers. For more information on how we use your data, please have a look at our Privacy Policy and Terms and Conditions.

Who can apply?

Eligibility

The lead applicant must be one of the trading parties within the non-household water market in England and Wales (and a member of MOSL) or MOSL itself. Trading parties can choose to apply alone or in partnership with other trading parties or third parties.

Trading parties can submit multiple applications to the fund. However, the Selection Committee may choose not to make multiple awards to the same lead applicant should other suitable applications also be received.

How to apply for funding

The application form

All applications must be submitted by **12 noon** on **28 February 2025** via MIF@mosl.co.uk using the Application Form and Completion Guidance document.

Before submitting your application, please ensure that:

- You have read and understood the Terms and Conditions and Privacy Policy
- You have followed good procurement principles, performed your due diligence on any partners and accepted any risk and liability of partnering with them.

We want to ensure that the application process is as efficient and practical as possible, ensuring ease of access and completion for organisations. If you have any questions or feedback, please contact us via MIF@mosl.co.uk.

Reasonable adjustments and accommodations

We are committed to enabling a diverse range of projects to apply for funding. If there are any reasonable adjustments that would support your application, catering for any additional needs you may have, please contact MIF@mosl.co.uk.

Please note that to ensure fairness, no time extensions will be offered.

Requirements for successful entries

All applicants to the MIF are required to adhere to the Terms and Conditions.

Please ensure you have read and understood these before submitting your application. If successful, you will be required to sign a further agreement which will outline arrangements for monitoring and reporting based on your specific proposal.

The key requirements of successful applicants will include:

- Use of funding: All funds awarded must only be used to fund the project described in your application
- Monitoring and reporting: We will need to monitor your progress - this may be through meetings, surveys, written reporting, or other reasonable requests for information. We endeavour to keep this reporting light touch and proportionate to the relative size and risk of your projects
- Intellectual Property Rights (IPR): You should retain all rights in and to your background IPR, including where a bid involves more than one participant. However, an appropriate form of licence should be granted to all participants in any project, which is the subject of a bid, for the sole purpose of the project, to enable it to go ahead. See Section 7 for further details on IPR.
- Publicity: We would like to share details of successful projects publicly (e.g., press releases, presentations, or other promotional materials). We also ask that you acknowledge the Market Improvement Fund's support in any public statements made about the project
- Conflicts of interest: All project participants must take reasonable steps to avoid any conflicts of interest with MOSL, immediately inform MOSL if you become aware of any potential or actual conflict of interest, and provide MOSL with all information requested in respect of such conflict
- Settlement Arrangement: Payment of funds awarded will be settled by MOSL in accordance with CPM018. Funding will be awarded in pounds sterling. The recipient is responsible for payment of tax and other charges

- SMART objectives: All applications should follow the SMART principles, clearly detailing how the project will address: a (S)pecific need within the non-household water market; it will be (M)easureable; it will be (A)chieveable within its specified costs and timeline; it will be (R)ealistic in relation to providing funding from the market; and (T)imed with a set of clear project milestones.

Intellectual Property Rights (IPR)

The applicants must explain their approach to agree fair and reasonable terms for the future use of any IPR and commercial products developed as a result of the Market Improvement Fund.

The MIF distinguishes between "background IPR" and "foreground IPR":

"IPR" shall mean any copyright and related rights, patents, rights to inventions, registered designs, database rights, design rights, topography rights, trademarks, service marks, trade names and domain names, trade secrets, rights in unpatented know-how, rights of confidence and any other intellectual or industrial property rights of any nature including all applications (or rights to apply) for, and renewals or extensions of such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world.

"Background IPR" is pre-existing IPR, which exists prior to the submission of any bids to the Fund.

"Foreground IPR" is all IPR that is created by applicants through a project funded by the Fund

Each applicant should retain all rights in and to its background IPR, including where a bid involves more than one applicant. However, an appropriate form of licence should be granted to all applicants and participants in any project, which is the subject of a bid, for the sole purpose of the project, in order to enable it to go ahead.

With regards to the ownership of foreground IPR, where a project funded through the MIF involves more than one applicant, then any jointly created IPR should be shared proportionately as agreed by the project applicants, however where any IPR is created independently by one of the project applicants then it should be owned by the applicant who created it rather than by all the project applicants.

All project applicants will be required to grant to all trading parties and MOSL (whether currently existing or in the future) in England and Wales a non-exclusive, perpetual, sub-licensable, irrevocable, royalty free licence to use it within the non-household water market.

Applicants will be able to propose alternative IPR arrangements, which will be considered on a case-by-case basis. In such cases, it will be important for the bid to clearly show how the project will benefit all customers in the non-household water market and that any alternative arrangements do not result in additional costs to customers.

The Booster Fund

The Booster Fund is a new fund for round four of the MIF. It enables successful projects to apply for an additional 50% of the initial award received to continue the project after completion. This additional funding stream will be awarded to those who can demonstrate benefit from additional funding, for example to scale up a trial to bring wider market benefit.

Funding is subject to an additional application which must be submitted within the first two years of signing the contract to receive funds and begin the project.

More information and support for your application

For more information on the MIF, please read the MIF webpage, in particular the Frequently Asked Questions.