Phase 3c Public Sector Decarbonisation Scheme (PSDS)

Guidance Notes

July 2023

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1 Phase 3c of the Public Sector Decarbonisation Scheme

The Public Sector Decarbonisation Scheme (PSDS) provides grants for public sector bodies to fund heat decarbonisation and energy efficiency measures.

Phase 3 of the Public Sector Decarbonisation Scheme, worth £1.425bn, was announced in 2021, and the first two sub-phases of Phase 3, Phase 3a and Phase 3b, closed to new applications in November 2021 and October 2022 respectively. Projects awarded grants from Phases 3a and 3b are currently being delivered.

These Guidance Notes cover Phase 3c of the Public Sector Decarbonisation Scheme and refers to the Phase 3c application window. As we begin Phase 3c of the Public Sector Decarbonisation Scheme, the emphasis remains on providing grant funding for projects that focus on heat decarbonisation.

The Department for Energy Security and Net Zero (the Department) provides the Public Sector Decarbonisation Scheme funding to help meet the UK Government's ambitious carbon emissions reduction targets. In 2019, the UK Government legislated to achieve net zero greenhouse gas emissions across the UK by 2050.

The majority of buildings in the public sector still rely on burning fossil fuels for heating, hot water and catering. The Public Sector Decarbonisation Scheme therefore focuses on heat decarbonisation within the public sector whilst taking a 'whole building' approach. Phase 3c of the Public Sector Decarbonisation Scheme builds on Phases 3a and 3b with refinements implemented to respond to stakeholder feedback regarding the proportion of funding made available across financial years. The scheme will also ensure a fair allocation of funding to projects across sectors. See sections 2.1 and 2.2 for further detail.

For Phase 3c of the Public Sector Decarbonisation Scheme, an additional financial year of funding has been granted by the Department. This funding increases the value of the overall funding to the scheme and enable Phase 3c projects to deliver across two financial years. Phase 3c of the Public Sector Decarbonisation Scheme has up to £230 million available in 2024/25. The budget available in 2025/26 will be confirmed this autumn though applicants should assume a broadly balanced profile across 2024/25 and 2025/26.

There are two application types:

- Applications for projects which start spending in financial year 2024/25 that must complete by 31 March 2026. See section 2.2 for further detail.
- Planning Year applications for projects with spend in 2025/26 only, using 2024/25 as a Planning Year, to develop and design their projects. These must also be completed by 31 March 2026. See section 4.9.

The scheme, delivered by Salix Finance, gives applicants the opportunity to submit separate applications for different projects or combine several projects into a single application for projects delivering across one or two financial years. The key features of Phase 3c are set out in section 2 of this guidance document.

2 Features to highlight

2.1 Sector soft caps

Following the implementation of the sector soft caps in Phase 3b of the Public Sector Decarbonisation Scheme, the same caps will remain for Phase 3c of the scheme. This will continue to support the fair allocation of funding across the public sector according to the distribution of carbon emissions across sub-sectors of the public sector.

Organisations have been grouped into three sectors: education, health, and other. These are defined further below.

Following previous stakeholder engagement and detailed data analysis, an upper limit to all sector soft caps is set at 35% of total funding for Phase 3c of the Public Sector Decarbonisation Scheme. Under this approach, and in line with the scheme's policy of awarding funding based on the order in which applications are submitted, the maximum funding a sector can be allocated could be as high as 35% and no sector's allocated funding should be lower than 30% of total Phase 3c funding. These sector caps are 'soft', meaning that if insufficient eligible and complete applications within a particular sector result in that sector soft cap not being filled, any unallocated funding from within that sector soft cap can be allocated to other sectors – even if by doing so, those other

sectors then exceed their sector soft caps.

You can download a copy of the Phase 3c Technical Annex here. This publication describes how the Department has estimated the sector emission shares of the public sector and informed the decision on funding allocation for the sector soft caps.

How sector soft caps work

1. Applications will be assigned to one of the three sector categories – 'education', 'health' or 'other':

    a. Education - includes state primary schools, state secondary schools, universities and local authorities applying on behalf of schools only. Education owned leisure centre facilities would also be included in this sector.
    b. Health - includes hospitals and health centres.
    c. Other - includes emergency services and ambulance services, local authorities, clubs, leisure and community centres, law courts and prisons, Ministry of Defence buildings, museums, and theatres. Applications which are mixed (e.g., a local authority application which covers a school and a leisure centre) will fall in this 'other' sector. Please note ambulance services for Phase 3c are now included in the 'other' sector.

The organisations listed under each of the sector categories above are not exhaustive. See section 4.1 for further information on eligible organisations.

2. Eligible and complete applications will be allocated funding according to the existing policy of awarding grants based on the order in which applications are submitted. Grants will be allocated to the appropriate sector until a sector soft cap is reached.

3. When a sector soft cap is reached, funding allocation for that sector will be paused until all applications for other sectors have been allocated up to their own sector soft cap.

4. If insufficient eligible and complete applications for any sector means that some funding remains unallocated, applications which were initially paused will then be revisited (according to the order in which they were submitted) to allocate the remaining funding, irrespective of their sector.

2.2 Grant timeframes

Phase 3c, mirroring previous Public Sector Decarbonisation Scheme phases, allows for projects to deliver the installation of carbon reduction measures across two financial years – giving more flexibility to applicants. This also strengthens the scheme's focus on decarbonisation with a 'whole building' approach (see section 4.3 for more details) which will improve carbon savings both for individual projects and for the whole scheme, whilst still ensuring access to the scheme.

Applicants are encouraged to apply with a funding profile which best suits the delivery of their project. For example, applicants could apply for funding for projects that deliver across two financial years where capital works may conclude by summer/autumn 2025. All projects must complete by 31 March 2026. Applications for grant spend only in financial year 2024/25 are still welcome to apply.

Applications are to include a grant spending profile which applicants intend to deliver. Following application, there will not be scope to move funding across financial years and it will be at Salix's discretion to approve any changes to this profile during the application assessment period. As with previous phases, funding will be allocated for each financial year based on the agreed grant spending profile. There is no opportunity to change these annual funding amounts and they cannot be amended once the Grant Offer Letter has been signed. As in Phase 3b of the Public Sector Decarbonisation Scheme, applicants can also apply for funding for projects with spend in 2025/26 only, using 2024/25 as a planning year. This is with the aim of allowing applicants to have longer to plan their projects with the certainty of committed funding. See section 4.9 for more detail.

2.3 Other features

Additionality Criteria

Projects must meet the criteria of being 'additional' and declare this when applying through the Application Portal. Applications will be ineligible if they have access to private funding that is above or

equal to the total project(s) cost, excluding the minimum required applicant contribution. Other private funding options must have been exhausted and/or are not suitable for the PSDS project application(s). Please see the full additionality criteria in section 4.4.

Like-for-like cost and applicant contribution

Applicants must contribute the funding equivalent to the like-for-like costs of replacing their fossil fuel heating plant and any supporting infrastructure within the plant room. For Phase 3c, this cost is set at a minimum of 12% of total project costs. Applicants are still required to evidence these costs in all cases, including where the like-for-like costs would come in at less than 12%, in which case, applicants are still expected to contribute the 12% minimum. Applicants with like-for-like fossil fuel replacement equipment costs over 12% are expected to contribute their full like-for-like replacement costs. For example, if the like-for-like replacement cost comes out at 15% of an applicant's total project costs, then the applicant must contribute the 15%.

'Whole building' approach

The 'whole building' approach criteria is expected to be applied to all the buildings within the application. This includes an investigation to deduce whether all reasonable steps have been taken to reduce heating demand to enable low flow temperature heating systems.

If the same types of measures are implemented across multiple buildings, these should be separated and specific to the building listed. This must also be reflected in the Application Form, which should set out clearly which measures are to be installed in which building.

Energy efficiency measures

The Public Sector Decarbonisation Scheme grant funding cannot be used to fund energy efficiency measures in buildings not served by the proposed low carbon heating system. For example, a hospital building will not be eligible to apply for insulation in Block 'A' where the low carbon heating system is only heating Block 'B'. Enabling measures are eligible including installation of smart meters.

Energy efficiency cap

To sharpen the scheme's focus on heat decarbonisation, there is a maximum proportion of the grant value that can be claimed for energy efficiency. This maximum proportion will be set at 58% of total grant value for each application.

Hybrid heating systems

Phase 3c of the Public Sector Decarbonisation Scheme will not support hybrid heating systems where new fossil fuel boilers are being installed as part of the project. In addition, new boilers funded by the applicant will specifically exclude a project from being eligible.

Hybrid systems are suitable for the Public Sector Decarbonisation Scheme when combining different low carbon heating systems, such as a heat pump alongside an electric boiler.

The project is expected to meet the heat demand provided by the end-of-life system being replaced. For example, if the fossil fuel heating plant being replaced previously met the heat demand for the whole of Building A, then the new low carbon heating system, alongside the efficiency measures installed, should also meet the heat demand for the whole of Building A. In buildings with multiple fossil fuel heating plants, applicants are not required to replace units not at the end of their useful life.

For information regarding back up fossil fuel heating plants, please see section 4.18.

Grant start date

In order to provide grant recipients with as much time as possible to complete their projects, once the grant has been agreed, grant recipients will be able to start work on their project as soon as they have signed their Grant Offer Letter, even if this happens before 31 March 2024. No grant funding can be claimed for work undertaken before the Grant Offer Letter is signed by the grant recipient.

Applicants that have the flexibility to start their project earlier than 1 April 2024 should make this clear as part of their application.

UK Infrastructure Bank loans

The UK Infrastructure Bank (UKIB) is a new government-owned policy bank. Loan financing offered by

UKIB is a potential additional source of funding for some eligible organisations (local authorities and universities). Eligible organisations may wish to consider UKIB loan financing to support applicant contribution costs. Please see the further detail on UKIB loan financing in section 8.

Grant dependent conditions

The majority of grants will be issued with conditions. These will be listed in the Grant Offer Letter, each with a resolution date that grant recipients are required to meet. The total grant value will be subject to meeting all of these conditions and if not met, the final payment and total grant value may be impacted. See section 9.2 for further detail.

3 Key dates for submitting applications

Announcement: Phase 3c of the Public Sector Decarbonisation Scheme is announced in July 2023 with the publication of Phase 3c guidance material, including Guidance Notes.

Application Form: The Phase 3c Application Form is currently available to download and complete from Salix's website. When applying, applicants may wish to submit separate applications for separate projects or combine several projects in a single application, grouping their buildings and projects together. For example, a local authority could have separate applications based on the site types within their estate. Where applicants may be using different consultants for different projects, it is advised to apply with separate applications.

Applicants should read and follow the direction given in the Guidance tab in the Application Form and the prompts alongside each question to ensure each step is completed to a high standard.

Completing the Application Form correctly is critical for a successful Public Sector Decarbonisation Scheme application. Should there be any uncertainty about what is required, the Application Form instructions will take precedence over these Guidance Notes or any other documents.

Application Portal: The application window for Phase 3c of the Public Sector Decarbonisation Scheme is expected to open in October 2023. The exact date will be confirmed on the Salix website and will close after 10 working days or until a sufficient value of applications has been received for the budget available.

Receiving applications: Once the Application Portal opens, Salix will check applications are fully completed and are of the required quality, as stated in the Guidance Notes. All applications must have approval from the Authorising Official for the relevant organisation, include supporting documentation, with all mandatory questions answered.

Outcome: We expect to be able to inform applicants if they have been successful by the end of March 2024.

Project completions: All applicants awarded funding must complete as per the Grant End Date of their Grant Offer Letter. This must be no later than Tuesday 31 March 2026. Grant recipients with funding across financial years must provide evidence of spend for each financial year.

4 Eligibility criteria

4.1 Who can apply?

Public sector bodies that are contracting authorities in England as defined in the Public Contracts Regulations 2015 are eligible to apply for Phase 3c of the Public Sector Decarbonisation Scheme. Those that apply are referred to in this document as 'the applicant'. This includes but is not limited to:

- Central government departments and their arm's length bodies (set out in Public Bodies as published by the Cabinet Office, see here). For central government departments where their roles are reserved (i.e., not devolved Governments of Scotland, Wales and Northern Ireland), funding may be used for estates located anywhere within the UK
- Emergency services
- Institutions of further and higher education
- Local authorities
- Schools within the state education system, including maintained schools, academies, multi-academy trusts and free schools

- Nursery schools maintained by a local authority
- NHS trusts and foundation trusts (including NHS student accommodation)

Exclusions: Public Corporations and private sector organisations are not eligible. Registered charities are also not eligible, unless they are also non-departmental public bodies as defined by the Cabinet Office. GPs are not eligible unless they are contracting authorities of an eligible body (including NHS trusts) that either own or have a long-term lease agreement with responsibility for maintenance of the buildings not including NHS property services as these are semi-private. Social housing is not eligible to apply to Phase 3c.

Subsidy Control Rules

In some instances, public sector organisations can operate as enterprises as defined in Section 7(1) of the Subsidy Control Act 2022. If, in connection with the delivery of a Phase 3c grant, you are undertaking any economic activity, you must cooperate with Salix to ensure compliance with the subsidy control principles. A public sector organisation will be an enterprise if it is engaged in an economic activity by offering goods or services on a market. Applicants will be expected to consider this as part of their application and complete Step 1, question 8 in the Application Form.

The Department and Salix are unable to advise on the position of public sector organisations applying to the scheme; please refer to the UK Government subsidy control guidance or engage with your legal advisers when completing your application.

Further information on the subsidy control regime is available here, including information on enterprises in the context of public powers in Annex 1, Limb B1 of the above referenced Statutory Guidance for the UK Subsidy Control Scheme.

Consortium bids

Lead applicants for consortium applications are required to complete the Consortium Documentation tab of the Application Form as part of their Phase 3c Public Sector Decarbonisation Scheme application.

Applications from consortia are eligible to apply for Phase 3c of the Public Sector Decarbonisation Scheme if all members of the consortium comply with the organisation and building eligibility criteria. If successful, consortium grant recipients will need to fill in schedule 8 of the Grant Offer Letter, 'Requirements for The Consortium'.

4.2 Project criteria

Eligible organisations can apply for grant funding for projects which meet the compliance criteria below:

1. Applicants must have and be using a fossil fuel heating plant.
2. The heating plant in question must be coming to the end of its useful life and must be decommissioned and/or removed in full once the low carbon heating system becomes operational. See section 4.12 for further detail.
3. Applications must include a new low carbon heating system in each building included in the application. This new low carbon heating system, alongside the energy efficiency measures installed, must meet the heat demand of the original end-of-life fossil fuel heating plant.
4. The Public Sector Decarbonisation Scheme funding cannot be used to pay for the installation of any fossil fuel based heating plant, even to meet N+1 redundancy or backup requirements. See section 4.18 for further details.
5. Applicants should include building fabric improvements and energy efficiency measures where they reduce the heat or electrical demand of the building being heated by the proposed low carbon heating system. These measures will be capped at 58% of the total grant value. Examples of such measures include but are not limited to insulation, double glazing and solar panels.
6. The funding provided to save a tonne of direct carbon (tCO_2e) over the lifetime of the project must be no more than the Carbon Cost Threshold (CCT), set at £325/tCO_2e, which is automatically calculated by the Support Tool in the Application Form.
7. As in Phase 3b, Phase 3c is primarily for capital works, however external consultancy and management fees may be included. Existing employee costs or any costs previously incurred cannot be included.
8. Reasonable enabling works may be included in the application, provided they are directly linked to the core

technologies being installed, and these will be reviewed for value for money. Examples of this group of technologies include but are not limited to smart meters, electrical infrastructure upgrades and pipework extensions.

9. Individual applications can be any value and there is not an upper value limit. However, as previously referenced, applicants must demonstrate that they can deliver within the funding timescales and meet the applicant contribution. See section 4.13 for further detail.
10. Applicants must either own the building that the funding is being used to upgrade or have a long-term lease arrangement where the tenancy agreement places the responsibility for operation and maintenance of the building services on the applicant.
11. Applicants must contribute the cost for a like-for-like replacement at a minimum of 12% of the total project costs. Any like-for-like costs over 12% must still be contributed by the applicant in full.
12. All projects must be complete by 31 March 2026. Funding is not available for projects that cannot deliver to this timeframe, and projects which do not complete before this completion date will be liable for any project costs incurred after this date.

Measures to reduce high electrical consumption can also be included, but only carbon savings from the measures related to direct onsite emissions will count toward carbon compliance criteria. Building fabric improvements and energy efficiency measures can only be installed where they reduce the heat or electrical demand of the building being heated by the proposed low carbon heating system. For more details, please see section 4.3.

The Phase 3c Application Form will calculate the eligible grant value under these criteria and can be downloaded from the Salix website here.

Applicants are expected to take a 'whole building' approach to decarbonising their buildings. This is where the factors that contribute to a building's energy consumption are considered holistically to determine the most cost-effective way to achieve the objective. For example, investment in improving the thermal performance of the building fabric will reduce the overall size of the low carbon heating system required, as well as save on fuel bills and increase thermal comfort for occupants. Also, investment in reducing the electricity consumption, such as through installation of more energy efficient lighting, can reduce the need to upgrade a building's electrical infrastructure to accommodate the installation of a heat pump (see Appendix 1 for examples of eligible technologies). Applications will be assessed against how effectively the total energy use of a building has been considered when selecting measures to be installed.

Eligible measures are split into four distinct areas - please see the table below. A list can be found in Appendix 1.

Measure Definitions	
Low carbon heating measures that save direct carbon	Low carbon heating systems that include the following measures: Air source heat pump, water source heat pump, ground source heat pump, electric heating and hot water, solar thermal and a connection to existing district heating.
Other measures that save direct carbon	Measures that contribute to saving direct carbon; for example, building fabric upgrades, pipework insulation and mechanical ventilation heat recovery.
Measures that save indirect carbon	Measures that only save indirect carbon (typically electricity savings) such as solar PV, LED lighting and energy efficient ventilation.
Enabling measures	Measures that do not save carbon but enable the installation of measures that do. This can include measures such as electrical infrastructure upgrades, energy storage, and smart meters etc.

4.3 'Whole building' approach to decarbonising heating

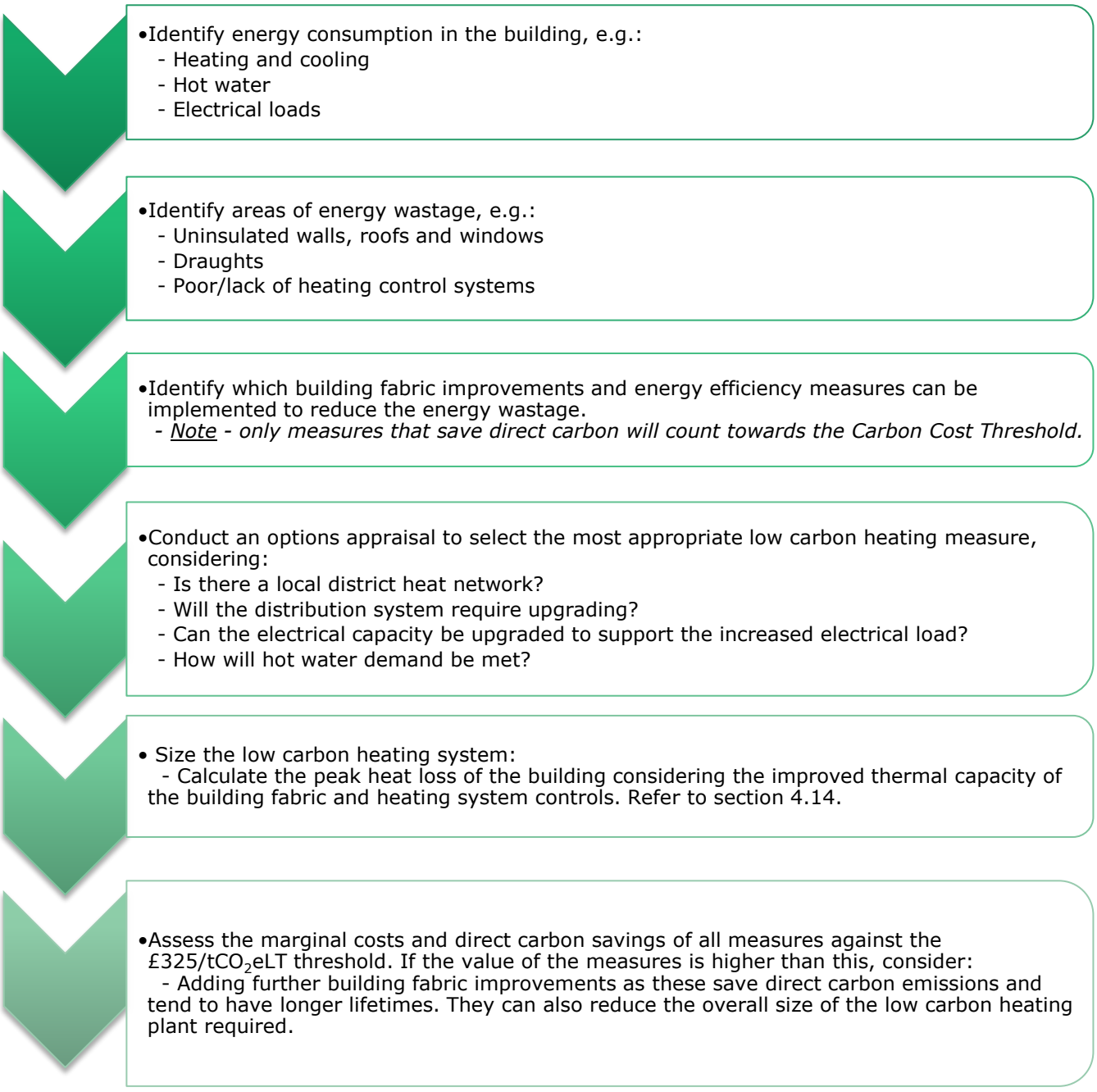
Many public sector buildings are reliant on aged and inefficient fossil fuel heating systems. Phase 3c of the Public

Sector Decarbonisation Scheme focuses on the installation of low carbon heating. In keeping with the best practice design principles for low carbon heating systems, applicants are expected to take a 'whole building' approach to prepare their buildings for a low carbon heating system (see Figure 1 below).

To implement an efficient and cost-effective low carbon heating system, the building heating demands should be minimised where possible. Low temperature systems work better in buildings that are suitably insulated and have correctly sized heat emitters and pipework. Heat pump solutions and other low temperature heating systems will achieve the best performance at lower flow temperatures. These lower flow temperatures will generally be between 35-55 °C rather than the 70-80 °C typical of traditional oil/gas boilers. See Appendix 2 for additional resources.

To meet the 'whole building' approach criteria, applicants must demonstrate that they have lowered flow temperatures as much as possible to optimise the operation of the proposed low carbon system (see Figure 2 below).

Figure 1: Successful 'whole building' approach



Where applicants are proposing high temperature low carbon heating systems, without any improvement to building fabric or reduction of flow temperature, applicants need to evidence that this is the only option for this site and that a 'whole building' approach is not possible (see Figure 2). If this evidence is not provided, then the 'whole building' approach requirement will not be met, and the application will be deemed incomplete and not suitable for funding.

Figure 2: 'Whole building' approach - eligible mitigation scenarios

Step 1 Technical feasibility

- ***How low can the flow temperatures go with existing infrastructure?***
- Review the building fabric and existing heat demand (*Suitable evidence: heat decarbonisation plan/options appraisal/building survey/peak heat loss calculations).*
- Review existing emitter sizing (*Suitable evidence: emitter survey/feasibility study).*
- What is the lowest flow temperature that could be achieved in existing building (*Suitable evidence: feasibility study)?*
- What plant equipment would be most suitable for the lowest achievable flow temperature (*Suitable evidence: options appraisal)?*

Step 2 Cost-effectiveness

- ***How much would it cost to drop flow temperature to 35-55 °C?***
- What opportunities are there to improve the building fabric and how much would this cost (*Suitable evidence: feasibility study/tender report/Quantity Surveyor estimate*)?
- What is the new heat demand (*Suitable evidence: peak heat loss calculations*)?
- If flow temperatures were lowered what are indicative future energy bills and maintenance costs *(Suitable evidence: energy saving calculations/energy modelling*)?

Step 3 Scenarios in support of high temperature system

- It is not feasible (due to the nature of operation of the building) to implement building fabric improvements or energy efficiency measures and drop flow temperatures.
- The cost to implement building fabric improvements or energy efficiency measures to facilitate low flow temperatures would be prohibitive.
- Where specific low carbon technologies work more efficiently at higher temperatures e.g., CO_2 heat pumps.

Supporting commentary and evidence will be required to demonstrate that applicants have taken a 'whole building' approach in planning how to decarbonise their buildings/estates, as outlined in this section. Applicants will need to demonstrate how they have minimised the energy use on site to ensure that the heating plant installed is no larger than it needs to be. Applicants will also need to provide an options appraisal to justify why their proposed measures were selected over other decarbonisation measures.

4.4 Additionality criteria

Projects are also required to meet the criteria of being 'additional.' Please see the additionality criteria below:

- The measures concerned are not required to be installed by law (including building or health and safety legislation).
- For measures that go beyond what is required by law, grant funding can be sought for the increased cost.
- The measures are not being installed with a view to commercial gain (other than the reduction of costs through increased energy efficiency).
- The installation of the measures concerned has not begun.
- Funding for the project which is to be supplied by the Public Sector Decarbonisation Scheme (not including the applicant contribution) has not been agreed via another source; and
- In Salix's reasonable opinion, the project would not take place without the grant.

In addition:

- **other private funding options have been exhausted or are not suitable for the application(s).**

When submitting the application, via the Application Portal, the applicant must confirm that their project meets the additionality criteria as set out above. They must read and agree to the additionality declaration before submitting the application. Following submission, an automatic email will be sent to the Authorising Official to reply, agreeing to the counter-fraud and additionality declarations. Please see further information under section 6.3.

4.5 Maximum grant value

There is no value limit on the grant amount which can be awarded in Phase 3c.

4.6 Technologies included

Building on previous phases of the Public Sector Decarbonisation Scheme, Phase 3c splits out low carbon heating systems – specifically for electric heating – into more specific types. Please see Appendix 1.

Similar to Phase 3b, funding from Phase 3c can support enabling measures, such as electrical infrastructure upgrades, energy storage and smart meters. These measures can be included in an application as energy efficiency measures or included within a low carbon heating system.

4.7 Technologies excluded

As Phase 3c is strongly focused on decarbonisation, technologies reliant on the use of fossil fuels are specifically excluded from the scheme. Regardless of an applicant's financial contribution, no fossil fuel technology can be implemented, and the scheme criteria must apply. This includes measures such as gas replacement boilers, combined hybrid heat pumps, and combined heat and power technologies that run at least partially on fossil fuels. New boilers funded by the contribution from the applicant, or works considered outside the application scope, will also specifically exclude a project from being eligible.

For information on maintaining backup boilers for resilience, see section 4.18.

4.8 Funding across financial years

Like Phase 3b of the Public Sector Decarbonisation Scheme, Phase 3c has funding available for projects where the work required to prepare and deliver decarbonisation installation will take more than one year.

All applications will be assessed and allocated grants based on the order in which they were submitted until either the sector soft cap or financial year funding limit is reached. Once a sector soft cap is reached, funding allocation for both financial years from that sector will be paused until all applications for other sectors have been allocated up to their own sector soft caps.

Applications must include details of planned project spend in each financial year, should the applicant be awarded a grant. During the assessment process, it will be at Salix's discretion only to approve any changes to this profile. If successful, grant funding will be allocated for each financial year. Once agreed via the Grant Offer Letter, funding cannot be moved between years.

All projects must meet the Carbon Cost Threshold of £325/tCO2eLT which applies to the total overall project, and not to individual years of funding. For example, the cost per tonne of direct carbon saved for measures installed in 2024/25 can be higher than the Carbon Cost Threshold (if this is balanced out by a suitable amount of high carbon saving measures installed in 2025/26).

Following allocation, if 2024/25 funding is not available, there may be opportunities to transfer to a Planning Year application to claim 2025/26 funding. You can indicate willingness to be considered for this in Step 1, section 1.3 of the Application Form. See section 4.9 below for further guidance on Planning Year applications.
Applicants are still welcome to apply for projects that deliver over financial year 2024/25.

4.9 Planning Year applications

Applications are also welcome for projects that are anticipated to take up to two years to complete but may not

need the grant in the first financial year. This Planning Year option allows applicants to apply for funding for projects with spend in 2025/26 only, using 2024/25 as a planning year to design and develop their projects, with no grant spending. This is designed to help applicants plan ahead.

If applying for this option, please select 'Planning Year' option in the Application Form.

Planning Year applications are assessed in the same order as all other applications, up to the point when all funding available for the sector and/or financial year 2025/26 has been allocated.

Planning Year projects are eligible for funding providing the following are met:

- Applicants apply for funding in 2025/26 only (with no grant spend in 2024/25), indicating this in the Application Form.
- Applicants provide all the same required documentation as other applications at submission. This includes a completed Application Form, and all required supporting information as detailed in these Guidance Notes, specifically in section 6.2.
- Applicants for 2025/26 funding only are subject to all eligibility criteria except for proving that they have their own like-for-like funding at the point at which they apply. This allows applicants additional time to secure the expected like-for-like contribution.
- Applicants will have until 14 June 2024 to secure the necessary funding to meet the eligibility criteria for the scheme and provide evidence of this funding to Salix which will be agreed via the Grant Offer Letter. Should this not be confirmed, or the above conditions/scheme criteria not met, Salix has the right to withdraw the grant offer.

4.10 Eligible Grant Value

The eligible grant value is automatically calculated in the Application Form by applying the project criteria rules listed in section 4.2. Each application must meet the Carbon Cost Threshold of £325 per tonne of direct carbon emissions saved over the lifetime of the project (herein referred to as £/tCO_2eLT).

The methodology and data set used to inform the £325/tCO_2eLT CCT reflects the focus and design of the scheme, accounting for direct carbon savings only. For most public sector organisations, direct carbon emissions primarily arise from burning fossil fuels such as natural gas on site.

Whilst applicants are encouraged to implement measures that maximise direct carbon savings, as this will drive down the Carbon Cost Threshold, they should also consider including measures that reduce indirect carbon emissions, as well as other enabling measures to facilitate a 'whole building' approach to heat decarbonisation. The £325/tCO_2eLT limit is designed to give applicants flexibility to create packages of measures tailored to the needs of their estates.

How the Carbon Cost Threshold is calculated:

$$£325\ tCO_2eLT\ \geq \frac{[(£)\text{Full capital cost of measures}] - [(£)\text{ Applicant contribution}]}{\text{Total direct carbon emissions saved over the lifetime of the project } (tCO_2eLT)}$$

Calculating the full capital cost of an application

The Application Form will automatically calculate the cost of the project per direct tonne of carbon saved as details of measures are added. This will indicate the maximum amount eligible for grant funding. The methodology and sequencing used in the Application Form is set out below and applicants should be mindful of these calculations when determining the appropriate set of measures for a particular site.

The costs of reasonable enabling works should be included within the cost of each measure, provided they are directly enabling its installation, and these will be reviewed for value for money.

1. Building fabric improvements and energy efficiency measures which reduce heat demand

The cost of all energy efficiency measures which reduce heat demand are entered first, before low carbon heating. This is because these measures (e.g., insulation) reduce the building's heat demand, therefore reducing the size and cost of the heating plant required.

These measures contribute to the direct carbon saved by the project.

Applicants are encouraged to maximise heat energy efficiency before installing a low carbon heating system as this is often both more affordable and more effective than installing a low carbon heating system on its own.

2. Low carbon heating

Low carbon heating measures are entered next. The like-for-like cost of replacing the end-of-life fossil fuel heating plant is funded by the grant recipient. The remaining marginal cost of installing the low carbon heating system is eligible for grant funding. Any enabling costs associated with the low carbon heating system such as Distribution Network Operator upgrades are included in this amount.

These measures contribute the remainder of the direct carbon saved by the project. Recording this second ensures savings are not double counted.

3. Energy efficiency measures which reduce electricity demand

Electricity saving energy efficiency measures are entered last. These measures help to mitigate the impact of any increase in operating costs resulting from electrification of heat. Applicants will only be eligible for the full funding cost of measures which save electricity if these are installed alongside a low carbon heating system.

These measures save indirect carbon. They are eligible measures but do not contribute to direct carbon savings so do not increase the eligible grant value.

Calculating the direct carbon savings of a project

- Direct carbon savings should be calculated based on the lifetime of each direct carbon emissions saving measure. See section 4.11, Lifetime of direct carbon emission saving measures.
- Baseline figures for fossil fuel consumption should be based on each building's real-life consumption and evidenced with metered data, the previous year's energy bills and/or the latest Display Energy Certificates (DECs). Where such data is unavailable or inaccurate, Salix will consider alternative methodologies with reference to industry benchmarks.

It is recognised that while replacing fossil fuel heating plants with low carbon heating is assumed to decarbonise the heat within a building, the building itself still may not be fully decarbonised, as there may be instances where residual direct emissions from fossil fuels may occur due to catering and other activities.

Where boiler efficiency is used as part of the direct carbon saving calculations for the new low carbon heating system, the efficiency must be a close representation of the existing boiler to be replaced or retained for a bivalent solution. As an example, the efficiency of a condensing boiler is greater than 85% in most cases. Salix will assess the efficiency rate used in the calculation as part of the due diligence process and request supporting evidence if required. Examples of suitable evidence required are:

- Gas meter and heat meter readings.
- A boiler combustion efficiency output provided by a suitably qualified gas safe engineer using calibrated equipment.
- Photograph of the boiler plate that details heat input and output.
- Manufacturers specification sheets that specify design efficiency and under what operating conditions.
- Commissioning documentation that specifies the operating boiler efficiency.

In the event that boiler efficiencies have changed from the original figure, this must be communicated to Salix and accompanied by updated energy saving calculations and Application Form.

4.11 Lifetime of direct carbon saving measures

The lifetime of low carbon heating systems and heat saving efficiency measures used to calculate the Carbon

Cost Threshold are provided in Appendix 1, 'examples of eligible technologies'. Please refer also to the specific persistence factor of each measure and lifetime of low carbon heating. Definitions are provided in the glossary and the Carbon Cost Threshold methodology is described in section 4.10.

4.12 Heating plant at the end of its useful life

As for Phase 3b of the Public Sector Decarbonisation Scheme, Phase 3c requires evidence that the existing fossil fuel heating plant is, or will be, at the end of its useful life at the point of removal. Suitable evidence includes clear, high-resolution photographs of the boiler nameplate or a plant service report, either of which must clearly display the year of installation. This must evidence that the existing heating plant is 10 years old or more. An end of useful life heating distribution system does not meet the criteria if the heating plant is not also at the end of its useful life. The heating plant is defined as the unit that generates thermal energy for use in space heating and/or hot water requirements for buildings, examples include boilers and Combined Heat and Power (CHP) units. Where an existing fossil fuel heating plant has already been replaced by a temporary fossil fuel heating plant, it will be decided on a case-by-case basis whether the project is eligible to replace it with a low carbon heating system.

In the case where the plant has reached the end of its useful life sooner than is typically expected (for example, through high operation or poor design), the applicant must set out the rationale and provide evidence to show that this is the case. This evidence will form an essential part of the supporting information. If this evidence is insufficient, as determined by Salix, applications will be returned as 'requires improvement' and not approved for Public Sector Decarbonisation Scheme funding.

The end of useful life heating plant, as identified by the applicant, is required to be decommissioned in due course once the new low carbon heating system is installed and operational.

4.13 Like-for-like and applicant contribution

Section 2.4 outlines the need for applicants to contribute the like-for-like costs of a direct replacement for their fossil fuel heating plant. The costs for the like-for-like replacement of the existing fossil fuel plant do not have to be based on actual quotes for the replacement work and can be based on costs obtained from other similar projects. Note that once submitted, like-for-like costs are not subject to revision and the applicant must confirm they have the funds to meet these costs.

The cost for a like-for-like replacement of the existing fossil fuel plant should include the cost of auxiliary works within the plant room only, including but not limited to:

- new controls
- pumps
- flue systems
- expansion vessels
- pipework and insulation
- the cost of removing the end-of-life heating plant
- the cost for installing the fossil fuel heating plant
- commissioning work

Where grant funding is being requested for the replacement of fossil fuel domestic hot water plants with low carbon alternatives, the like-for-like replacement costs of these plants must also be contributed by the applicant. Applicants are expected to contribute additional funding above the like-for-like contribution whenever project costs exceed the £325/tCO_2eLT CCT.

4.14 Low carbon heating system sizing

The proposed low carbon heating system must be sized to ensure that the heating and Domestic Hot Water (DHW) demand for the building is satisfied and that the heating requirements of the old end of life heating plant are met.

As applicants are expected to adhere to the 'whole building' approach and reduce the heat demand within a building as far as practical and cost-effective before installing a new heating system, the proposed low carbon heating system should not be oversized. Potential risks of oversizing a heat pump system are that it can result in higher capital and maintenance costs, losses in efficiency, and require more complex design requirements.

See Appendix 2 for additional resources.

For this reason, the size of the low carbon heating system (in terms of total output load) should not be larger than the fossil fuel plant being replaced or the post-improvement peak heat loss of the building. Applications for a low carbon heating system with a higher total output load than the plant being replaced, or the peak heat loss of the building, will be refused unless a clear, technically sound justification is provided. This will be considered at the discretion of Salix.

To size the low carbon heating system, the applicant should demonstrate how they have followed best practice design principles. This includes submitting either yearly heat load profiles and/or peak heat loss calculations. These calculations must be provided to support the sizing approach taken.

Peak heat loss should be calculated by:

- Measuring fabric and ventilation/infiltration heat losses for the coldest day of the year based on geographic location.
- Using realistic air change rates to estimate ventilation losses.
- Using the area and U-values (thermal transmittance) of the walls, floors, roof, windows, and doors.

If the low carbon heating system is also providing Domestic Hot Water, this needs to be considered when its size is calculated. Details should be provided on how an applicant proposes to meet the Domestic Hot Water demand. If applicants are planning to use another method to provide the Domestic Hot Water they should provide details and specify what strategies are in place in the design of the Domestic Hot Water system to combat Legionella.

4.15 Heat emitters and pipework

The lower flow temperatures of heat pumps often require larger heat emitters than traditional fossil fuel heating plants to allow the heating system to provide the set point temperature in the building, particularly if the building fabric and air tightness is not improved.

Where the proposed flow temperatures are lower than existing, a survey needs to be completed to deduce whether existing heat emitters are large enough for the proposed flow temperature.

Where the delta T (the difference between the flow temperature of a heating system and return temperature *) of a new low carbon heating system is significantly different than that of the existing heating plant, the applicant will also need to evidence that the detailed design has considered the specific requirements of such a heating system.
This generally requires but is not limited to the submission of:

- Proposed heating system schematics
- a description of operation
- piping and instrumentation diagrams (P&ID).

Evidence must also be provided to demonstrate that the supporting infrastructure will be able to maintain efficient performance of the low carbon heating system in the long term.

*For example, a heating system with flow temperatures of 70°C would have a delta T of 50°C when the return temperature is 20°C.

4.16 Electrical infrastructure

Applicants are expected to ensure buildings have sufficient electrical infrastructure to support the measures they wish to apply for and install. Applicants should contact the Distribution Network Operator regarding connection of their proposed system to the local electricity network if additional electrical capacity is required to accommodate the new low carbon heating system. Salix recommends that applicants who need to discuss their proposed system with their Distribution Network Operator do so as soon as possible, to minimise delays. We have seen through previous phases that costs and timelines on Distribution Network Operator upgrades can be a risk to project delivery, so this should be covered in the applicant's risk register.

Should no Distribution Network Operator works be needed for your project(s), it is part of your responsibility to ensure the equipment is run safely and is in line with standard practice. Salix also advises that applicants inform their Distribution Network Operator about the connection of new assets to ensure that any future decisions on

the network are based on the latest information.

4.17 Replacement of calorifiers

Within sites where a central plant room feeds multiple buildings, the local interfaces that connect to the heat network (such as plate heat exchangers and calorifiers) can be counted as the buildings' heating plant for the purpose of meeting the scheme criteria. For example, once a local calorifier or heat exchanger that is connected to a central plant room reaches the end of its working life (as defined in section 4.12), it can be replaced with a low carbon alternative such as a heat pump and therefore it will be eligible for grant funding, even if the main heating plant in the central plant room is still relatively new.

4.18 Heating system resilience requirement

Certain sectors require backup heating systems which are fed from a separate fuel type to the main system. For example, an NHS trust may have existing gas fired boilers and a backup oil fired system. The Public Sector Decarbonisation Scheme funding cannot be used to pay for the installation of any fossil fuel based heating plant, even to meet N+1 redundancy or backup requirements. While the applicant is required to remove their primary heat plant as part of the project, the existing backup fossil fuel heating plant can be retained for use with a Public Sector Decarbonisation Scheme funded low carbon heating system.

4.19 Air-to-air heat pumps

Air-to-air systems use refrigerant pipework to transfer heat from an external unit to an internal unit and then directly to the air inside the space being heated. Air-to-air systems are appropriate low carbon heating solutions in some cases and can be implemented through Phase 3c with eligibility assessed on a case-by-case basis.

Eligible scenarios are:

1. When it has been evidenced with an options appraisal and feasibility study that the air-to-air system is the most appropriate solution for that building and that other eligible low carbon heating systems are not viable. A justification should be included when changing the distribution system and emitters from a wet to air-based system.
2. When replacing both heating and cooling systems.

If there is a new cooling load, only the proportion of the system replacing current cooling load will be eligible. The remaining value of the project covering the new cooling load will need to be funded by the applicant.

4.20 Heat networks

New building connections to district heat networks are an eligible low carbon heating system for the individual building being connected.

- 'Connect to existing district heating' should be selected in the Application Form for all buildings where a new connection to a district heat network will provide the building's heating.
- 'Connect to onsite heat network' should be selected in the Application Form for buildings where a connection is made to an existing energy centre on site.

In either case, there is no requirement for changes to be made to the energy centre that supplies the network with heat. Energy efficiency measures can be installed in the newly connected building to meet the 'whole building' approach.

Improvements to the current network will not be eligible unless accompanied by the installation of a low carbon heating system in the energy centre, replacing an end-of-life fossil fuel heating source. For example, a whole heat network de-steaming project will require a low carbon heating system to be installed in the network's energy centre to meet low carbon eligibility criteria. De-steaming of the rest of the system can then be entered as 'pipework improvement' in the energy efficiency and enabling measures section of the Step 4 Support Tool. Other energy efficiency measures can be combined with the new low carbon heating system in any building connected to the network.

Applicants must provide the following documents to support their application:

- Bespoke carbon factor calculation

- Calculations evidencing the heat loss figures for the primary pipework connecting the building to the energy centre
- Network design drawings clearly demonstrating the pipelines to be funded by the Public Sector Decarbonisation Scheme
- Design considerations for how thermal losses across the network will be minimised
- Evidence that the new connection will be operational by the grant end date.

4.21 Biomass

Phase 3c of the Public Sector Decarbonisation Scheme allows applicants to apply for funding for biomass boilers. Applicants must demonstrate they will be operated in such a way as to be sustainable, as well as mitigating unwanted effects on air quality. Applicants will need to show:

- Why biomass is more suitable than other low carbon alternatives, for example, where there is not appropriate infrastructure in place to support a heat pump.
- How they intend to mitigate any potential impacts on air quality particularly on people in the local area. Applications are not encouraged for biomass boilers in heavily built-up areas, unless there is a strong clear justification for the use of biomass boilers in place of another heat source.
- That they will obtain their biomass fuel from sustainable sources. The Biomass Suppliers List, which can be found here, lists suppliers who have demonstrated that their wood fuel meets the sustainability criteria of the Renewable Heat Incentive scheme.
- How they intend to maintain their boilers to ensure the performance over the lifetime of the plant. Note the Microgeneration Certification Scheme has recently published a new Standard for the maintenance of biomass boilers.

5 Responsibilities and competence

Salix assumes that the applicant and/or the partner(s) they are working with are competent and fully responsible for the projects to be funded. This may include, but is not limited to:

- Completion of the Application Form adheres to the requirements set out in the Guidance tab and data is not pasted into cells.
- Project identification and development
    - All applications must be prepared in a site-specific manner, with data inputs and site details reflecting the unique and specific nature of each application.
    - All applications should be supported by bespoke options appraisals which reflect the specific characteristics of each site.
- Establishment of firm costs and calculated estimated savings
- Reasonable project sequencing and due care to ensure no double counting of carbon savings when considering multiple projects on the same site
- Selection of suitable supplier(s) following the applicant's procurement procedure
- Project delivery including project management
- Reporting on project progress
- Post project completion activities including any verification of savings
- Assessing and mitigating the risk of fraud in the procurement, supply chain and implementation of projects as per the Grant Offer Letter terms and conditions
- Confirmation of like-for-like costs and sufficient applicant contribution to fund the portion of the project not funded by the Public Sector Decarbonisation Scheme grant.

The public sector applicant must ensure that accountability for the application, project delivery and governance sit with the Authorising Official and main contact in the grant recipient organisation, and that this cannot be transferred to contractors. It is the grant recipient's responsibility to ensure that contractors are delivering projects in line with the Phase 3c grant agreement.

The public sector applicant is responsible for ensuring that all contractors involved in the provision of services in relation to the proposed project(s) hold and maintain appropriate professional indemnity insurance to cover all the services to be carried out and that copies of the relevant certificates are obtained.

Applicants must also ensure that all professional consultants and/or contractors provide itemised invoices, and completion certificates (where appropriate) in relation to the services carried out on the project(s) as

they may be required for audit of the project(s).

During and on completion of the project, Salix will be engaging grant recipients through surveys, which will help Salix continually improve its services. It is a requirement of the scheme that these surveys sent via email, are completed by the grant recipient to the required date.

6 The online application process

Private organisations can support the preparation of the Application Form, but the online application must be submitted by the applicant directly and not by any external consultant or contractor. Should the application be submitted by any external consultant or contractor, Salix reserves the right to withdraw the application.

Applicants should only submit one application per project. Applications will not pass the initial quality checks if multiple applications have been submitted for the same project. Applicants will receive a confirmation that the application has been submitted via email.

Applicants must ensure they have the right resources, supply chains and internal support to deliver a project and evidence must be provided to support this.

6.1 Registration

- Visit the Phase 3c Public Sector Decarbonisation Scheme webpage.
- If you have not previously applied, please register here.
- If you have an existing Application Portal account please log in here.

6.2 Submitting the application to the Phase 3c Public Sector Decarbonisation Scheme Application Portal

When the Application Portal opens in autumn this year, visit our Phase 3c Public Sector Decarbonisation Scheme webpage and click the link 'Scheme open for applications – click to apply'.

This will take applicants to the grant scheme Application Portal.

The Application Portal includes a progress bar showing completion of the steps. At any point, applicants can save applications and continue later.

The Application Portal asks for contact details of the applicant, a main contact, project consultants and/or contractors (if applicable) and an Authorising Official at the eligible organisation. For further detail please see the anticipated Application Portal Questions linked on the Salix website.

Prior to submission, applicants should review the Phase 3c Terms and Conditions. It will be a requirement for the Authorising Official to sign these as part of the Grant Offer Letter.

Applicants upload their completed Phase 3c Public Sector Decarbonisation Scheme Application Form alongside the required supporting information, as listed below. Such information must be specific and relevant to the project in question. Note the applicant should not provide excessive or generic documents as these will not be accepted. It is also crucial that applicants do not paste data into the Application Form, as this overwrites the formatting and data validation within the Application Form. To support the due diligence checks required by Salix, the relevant document names and page numbers should be listed where requested in the Application Form.

Applicants should consider what the most appropriate evidence is to provide based on the specific circumstances of their buildings. Applicants are expected to provide the following documentation, including:

- End-of-life boiler evidence
- Cost evidence (breakdown and quotations, CAPEX)
- Energy saving calculations (unlocked Excel spreadsheet or energy modelling with commentary)
- Peak heat loss calculations to show that the proposed heating system has been sized correctly
- Building energy figures (meter data, historic bills or DEC)
- Options appraisal report
- Feasibility study

- Schematics of the existing and proposed heating system
- Detailed risk register
- Project programme.

Further examples of required supporting technical information can be found in Appendix 3.

Once applicants are satisfied that all sections of the Application Portal are complete, they must read and agree to the counter fraud and additionality declarations and confirm that the Authorising Official has agreed for Salix to begin assessing the application.

Once agreed, click submit.

Once submitted, applicants cannot amend their application.

6.3 Application authorisation and counter fraud declaration

Upon submission, the Authorising Official, or lead applicant Authorising Official for a consortium application, will receive an automatic email. This email will request authorisation for Salix to begin assessing the application and requires a response via email by the Authorising Official before Salix can proceed. It will also ask for their confirmation of agreement to the counter fraud declaration.

This email must be responded to within 10 working days of the application submission date.

7 Assessment and award of funding

7.1 Assessment process

Applications will be assessed by our Energy and Carbon team at Salix as well as an external technical assessor, who will provide added independent assurance that the project is deliverable, and any savings are reasonably achievable.

Applications assessed will be subject to technical and due diligence checks in line with the size and scope of their project. Applications will be reviewed initially to ensure they meet the Phase 3c criteria. Applications will then be subject to a full review including but not limited to:

- **Technical case** which will cover areas including the technical feasibility, future resilience, energy/carbon savings calculations and energy monitoring plan.
- **Financial case** which will cover areas including breakdown of project costs, operating and maintenance costs and evidence of firm pricing.
- **Project governance** which will cover areas including project risks and mitigations, project implementation/schedule, previous experience, governance processes, procurement, applicant contribution and deliverability within the grant funding time window.

If there are any questions or further information required, the applicant will be contacted to request this. Salix (and their contractors) reserve the right to conduct a site visit during the assessment process in order to verify information provided by the applicant. It will not be possible to progress the application further until all requested information is provided and agreed by Salix. Further guidance on specific evidence for key criteria is set out in Appendix 3.

Applicants are expected to return information and evidence to Salix to meet the assessment queries within **two** working days. Where this is not met, an escalation process will be followed, and continued failure to respond adequately to queries will put the application at risk of being returned as 'requires improvement'. Applications returned as 'requires improvement' will not receive Public Sector Decarbonisation Scheme funding.

Applications must be original and bespoke to the organisation applying and the sites that are the subject of the application. Where Salix finds evidence that applications are not original and bespoke to the organisation applying, these applications will also be returned as 'requires improvement' meaning they will not receive Public Sector Decarbonisation Scheme funding. This includes cases where near identical answers and data inputs are used across multiple independent applications as these are therefore not bespoke to the application.

Submitting multiple applications will not increase the likelihood of applicants receiving funding if they are not of sufficient quality to pass technical assessment. If applications are considered poor in terms of quality or supporting evidence at any point in the assessment process, then Salix exercises the right to reject the application without completing full due diligence.

The assessed Phase 3c Public Sector Decarbonisation Scheme Application Form will be shared with the applicant. This includes feedback for useful learning points.

7.2 Issuing a Grant Offer Letter

Following successful assessment, confirmation of the grant funding will be sent to applicants by Salix in a Grant Offer Letter via DocuSign. A copy of this letter must be signed by the public body's Authorising Official within ten working days. Salix reserves the right to withdraw applications should the Grant Offer Letter not be returned within 10 working days.

The Grant Offer Letter outlines the Terms and Conditions for projects receiving grants in Phase 3c. It includes the grant start and end dates, the funding profile, and several schedules which will be used as a template for monitoring and reporting during the grant period. Further information on requirements during project delivery can be found in Section 9 of this document. For projects with grant funding across financial years, the Grant Offer Letter will detail the grant for each financial year, and once signed, these values cannot be amended.

The Grant Offer Letter must be signed by the applicant before the applicant can start work on their project. Organisations can prepare for work to commence before the Grant Offer Letter is accepted, but they cannot claim any grant funding for these preparations and would do so at their own risk.

8 UK Infrastructure Bank loans

The UK Infrastructure Bank (UKIB) is a new government-owned policy bank, launched in 2021, focused on increasing infrastructure investment across the United Kingdom to help tackle climate change and support regional and local economic growth. Loan financing offered by UKIB is a potential additional source of funding for eligible organisations (local authorities and universities).

Eligible organisations may wish to consider UKIB loan financing to support projects such as those with requirements that extend beyond Public Sector Decarbonisation Scheme timescales or that fall outside of Public Sector Decarbonisation Scheme criteria.

Phase 3c grants and UKIB loans are separate, meaning that eligibility for grant funding is unchanged by eligibility for UKIB loan finance. The success of an application to the Public Sector Decarbonisation Scheme will not affect the success of an application to UKIB and vice versa. Salix will not have any involvement in the UKIB loans process and cannot advise applicants on whether or not to apply for UKIB funding.

In accordance with GDPR and the Phase 3c Privacy Notice, contact details of Phase 3c applicants eligible for UKIB finance with an application value of over £3.5 million may be shared by the Department with UKIB, and UKIB may contact these applicants about financing opportunities.

Local authorities
The minimum loan size is £5 million, however this is at the entity rather than project level and can support a programme of decarbonisation activities. Accordingly, for projects with a cost below £5 million, an enquiry to UKIB may still be appropriate, for example where the aggregation of multiple applications within a local authority area exceeds £5 million. If you have any questions about UKIB loan finance, please contact UKIB directly by emailing LAlending@ukib.org.uk

Other applicants
When lending to universities, UKIB will undertake a credit assessment to establish an appropriate rate on commercial terms. The indicative minimum loan size is £25 million. For any universities interested, please contact UKIB directly via their website.

9 Delivery of the project

9.1 Managing delivery: Progress updates to Salix

The Grant Offer Letter (GOL) sets out how regular contact with Salix will be maintained and what is required from the successful applicant. This will include scheduled meetings, monthly monitoring reports with updates to risk registers, project programmes and payment profiles. All grant recipients will be allocated a dedicated Salix relationship manager to assist with queries and help support the project.

Regular meetings with grant recipients who have larger projects may include a senior manager from Salix.

Salix aims to facilitate the successful delivery of all funded projects by efficiently administering the scheme. Salix will offer practical support and guidance based on the knowledge acquired from supporting the delivery of previous projects and from working with a wide range of agencies.

A sample of projects will be audited by Salix. See section 10 for more detail.

While Phase 3c grant recipients may be notified from early 2024, no payment claims can be made by grant recipients before the Grant Offer Letter is signed by the applicant. All grant funding must be claimed before the grant end date.

Experience from previous Public Sector Decarbonisation Scheme phases has shown that those grant recipients that start early and have a clear project plan from the beginning have a higher chance of successfully delivering projects. Key areas to consider, which will be scrutinised during the assessment process, are:

- Planning permissions required, and the timetable to achieve these
- Key milestones, and risks to successful delivery
- Supply chain management and lead times for key equipment and materials
- Internal governance and approval process
- Payment forecast (when the applicant will expect to be requesting payments from Salix)
- Distribution Network Operator (DNO) plan and potential works required.

All grant recipients are required to provide Salix with monthly monitoring reports on the project risks and progress towards key milestones during the delivery of the project, as set out in section 9 of the Terms and Conditions. The reporting template will be provided by Salix, with the first report due the first month after the Grant Offer Letter is signed. The report must detail updates on the key work that took place that month, focus for the next month, dates by which key milestones will be achieved, expected changes to the project programme (cost and/or scope), risks and mitigation measures, the progress of grant dependent conditions and the grant drawdown schedule. This, together with monthly meetings between the grant recipient and Salix, will be the key mechanism for tracking progress and risks towards project completion and is a requirement of the grant funding.

During project delivery, should there be any amendments to the project design, the Salix Change Request policy will be followed as per the agreed Terms and Conditions of the Grant Offer Letter. Grant recipients will be required to provide an updated Application Form and supporting documents as requested by Salix to ensure the Phase 3c criteria continue to be met.

9.2 Payment of the grant

Grant recipients will be able to claim payments during delivery and following completion of their project(s). Please note that payments are only made directly to eligible organisations and will be processed monthly.

The grant will be accessible only once the Grant Offer Letter has been signed and following the grant start date. It can be requested until the Grant End Date as per the Grant Offer Letter. The grant will be provided in instalments in the amounts and at times set out in the Project Programme, subject to the following requirements:

- An accurate forecast of the expected claim is submitted to Salix six weeks ahead of the claim in the monthly monitoring report.
- Salix must receive a completed payment request accompanied by the supporting documentation to evidence the amount being claimed before any claim for payment can be processed.

- The claim must be supported by invoices for the amount in the claim, along with itemised cost breakdowns evidencing the exact spend per item, service or other cost. Only costs that have already been incurred can be claimed for.
- Any outstanding conditions, as listed in Schedule 2 of the Grant Offer Letter, have been resolved.
- The claim for expenditure must be signed by an Authorising Official from the eligible organisation.

Full payment requirements are set out in the Terms and Conditions accompanying the Grant Offer Letter. This process is designed and implemented to ensure fraud is mitigated.

Where a lead grant recipient has secured a grant as a joint consortium application, payments can be made to individual eligible organisations following the same process as outlined in the paragraph above.

In the event of any projected overspend by the grant recipient, the amount of such overspend shall be met by the grant recipient from its own funds. It is essential that all grant recipients inform Salix immediately if there are any significant changes to the costs of the project.

When a project is forecast to overspend, the grant recipient must raise this immediately with Salix, who will arrange to discuss how this situation is being risk managed. That discussion will include how the grant recipient can use its own funding to complete the project. Salix will also discuss if the grant recipient needs to reduce the project scope to remain within the funding available, to ensure that the grant is sufficient to meet the remaining costs required for the delivery of the project. This would be administered using the Salix change request policy. Salix cannot agree additional funding.

Grant recipients may only claim reimbursement of the costs spent on the works included in their approved application, and these claims must also comply with the requirements listed above as per the grant Terms and Conditions. If these amount to less than the total grant awarded, the balance may not be claimed. Should grant recipients have remaining grant spend available and wish to add additional measures to claim the whole grant value, the grant recipient must submit a change request to Salix to ensure the additions meet scheme criteria. The change request policy and its requirements will be shared during the grant period.

Evidence will also be required to show that the grant recipient has contributed the like-for-like costs as detailed in the Grant Offer Letter, and in line with the Terms and Conditions. This is to be done prior to final payment.

Projects should complete by the grant end date specified in their Grant Offer Letter. No payments can be made for works after this date. Any costs incurred to complete the project after the grant end date must be met from alternative sources.

Please note that for projects across financial years, the total payments in each financial year will be capped at the total estimated by the grant recipient and agreed with Salix, as outlined in the Grant Offer Letter with their Project Programme. As an example, if a grant recipient has forecast £1 million in year 1 (FY 2024/25), and £3 million in year 2 (FY 2025/26) then the maximum payments that the recipient can receive in year 1 is £1 million and £3 million in year 2. Any in-year overspend shall be met by the grant recipient from its own funds.

9.3 Post completion monitoring and reporting

For monitoring purposes, as well as the monthly updates, grant recipients are required to provide an annual carbon report for three years post-installation to demonstrate whether funded measures achieve the expected outcomes.

Where a grant recipient can obtain a performance guarantee on the energy and carbon savings from a contractor, evidence of this shall be provided to Salix as part of their monitoring and reporting responsibilities. Grant recipients will also report when they have made the retention payments to their contractors if this arrangement is in the contract as per the Terms and Conditions.

9.4 Evaluation

The Department is conducting an evaluation of Phase 3 of the Public Sector Decarbonisation Scheme. To facilitate this, Salix will ask for permission to share grant recipients' information with the Department and those engaged in carrying out this evaluation, to ensure that grant recipients can be contacted and invited

to participate.

Please see here for the Department's Phase 3c Privacy Notice.

10 Grant audit

Salix is responsible for taking reasonable steps to monitor grant recipients' use of funding awarded, auditing the delivery of the projects for which this funding was approved. This will include undertaking audits of a sample of projects at different stages. Each audit will comprise a financial audit of the project as well as an onsite technical review of project delivery.

If selected for audit, each grant recipient will be required to engage with the audit process within the stated timescales to ensure the audit can be completed on time. The grant recipient is responsible for providing evidence to demonstrate that the public funds granted under this scheme have been used for the purposes for which they were awarded. This requirement will also extend to any other public sector bodies which are beneficiaries under the grant, in which case, the main grant recipient will need to ensure that each organisation complies with the terms of the grant. The grant recipient will also be required to demonstrate that they have followed applicable government regulations, their organisation's policies and procedures - for example in relation to procurement - and have effectively managed the risks related to funding, grant claims, procurement of contractors/consultants, payments, and project delivery.

Grant recipients will need to demonstrate that due diligence checks have been carried out for any contractors and subcontractors used on the projects, that they hold appropriate insurance cover for the goods and services provided under the contract, and that evidence of this is retained. They will also need to provide evidence of the grant income and expenditure being fully accounted for in the accounting system. Each grant recipient selected for audit will be required to provide the relevant supporting documentation for any expenditure covered with grant funding, including an itemised breakdown of costs to support invoices and payment requests. This will include but will not be limited to contract documents, tender documentation, invoices, delivery notes, insurance certificates, valuation documents, evidence of due diligence checks, conflicts of interest registers/declarations, completion certificates, vesting certificates etc. This requirement will also extend to any subcontractors used on the grant insofar as the evidence is required to demonstrate how the grant was used. In cases where a site visit is not undertaken, they may also be required to provide a live video walk-through of project work on site and/or photographs of project site(s) prior to, during and after the completed project.

All grant recipients must maintain all income and expenditure records related to the grant and the project for a period of at least six years following the grant end date. Grant recipients must be able to account for all aspects of expenditure, including providing evidence of costs incurred at the time of making payment requests to Salix (for example for the purchase or installation of technologies, which must show the exact number of items purchased and the cost for each). Salix has the right to review the grant recipient's accounts and records that relate to the project and the grant. Salix has the right to take copies of such accounts, records, or any other related supporting documentation.

11 Support and advice

Please refer to the Salix webpage for the most up to date information regarding key dates and how to apply.

Salix has specialised teams with expert knowledge of the different areas of the public sector, as well as an in-house Energy and Carbon Technical team. Salix also runs specific Public Sector Decarbonisation Scheme webinars, following scheme announcement, giving attendees an opportunity to ask questions. Salix also produces videos supporting the announcement as well as the opening of the Application Portal. Please view our website for details about relevant webinars, here.

All Phase 3c Public Sector Decarbonisation Scheme enquiries should be sent by email to phase3cpsdsgrants@salixfinance.co.uk Salix aims to answer all queries within three working days.

Appendix 1 – Examples of eligible technologies

The following list includes examples of eligible technologies for Phase 3c of the Public Sector Decarbonisation Scheme. This list will be also found in the Application Form. If you plan to include technologies that do not appear on this list in your application, please discuss with Salix prior to submission. The definitions of the persistence factor and lifetime of measure are in the glossary.

Project Type	Work Type	Saves direct carbon	Saves indirect carbon	Lifetime of Measure
Low carbon heating	Air source heat pump (air to water)	✓		20.00
	Air source heat pump (air to air)	✓		20.00
	Water source heat pump	✓		25.00
	Ground source heat pump	✓		25.00
	Connect to existing district heating	✓		30.00
	Connect to onsite district heating	✓		30.00
	Hot water – electric point of use heaters	✓		12.00
	Solar thermal	✓		25.00
	Biomass	✓		20.00
	Electric boiler	✓		20.00
	Electric heater	✓		10.00
	Electric radiant panel heater	✓		20.00
Project Type	**Work Type**	**Saves direct carbon**	**Saves indirect carbon**	**Persistence Factor**
Building management systems	BEMS – not remotely managed	✓	✓	6.84
	BEMS – remotely managed	✓	✓	8.42
Cooling	Cooling – control system		✓	6.84
	Cooling – plant replacement/upgrade		✓	8.21
	Energy efficient chillers		✓	14.44
	Free cooling		✓	13.68
	Replacement of air conditioning with evaporative cooling		✓	13.68
Energy from waste	Anaerobic digestion	✓	✓	15.20
	Incineration	✓	✓	15.20
Heating	Heat recovery	✓		10.83
	Heating – discrete controls	✓		6.84
	Heating – distribution pipework improvements	✓		15.20
	Heating – zone control valves	✓		11.88
	Plate heat exchanger	✓		28.50
	Steam trap replacements	✓		15.20
	Thermal stores	✓		18.00
Hot water	Flow restrictors	✓		14.00
	Hot water – distribution improvements	✓		18.00
	Hot water – efficient showers	✓		8.00
	Hot water – efficient taps	✓		11.00
Insulation – building fabric	Cavity wall insulation	✓		30.00
	Double glazing with metal or plastic frames	✓		28.00
	Dry wall lining	✓		30.00
	External wall insulation	✓		30.00
	Floor insulation – suspended timber floor	✓		27.00

	Floor insulation – solid floor or other type	✓		30.00
	Loft insulation	✓		27.00
	Roof insulation	✓		30.00
	Secondary glazing	✓		7.92

Project Type	Work Type	Saves direct carbon	Saves indirect carbon	Persistence Factor
Insulation – draught proofing	Insulation – draught proofing	✓		29.25
Insulation – other	Automatic speed doors	✓		8.45
	Automatic/revolving doors	✓		8.45
	Draught lobby (external)	✓		29.25
	Draught lobby (internal)	✓		29.25
	Radiator reflective foil (external walls)	✓		8.00
	Radiator reflective foil (external walls)	✓		7.92
Insulation – pipework	Heating pipework insulation (external)	✓		9.00
	Heating pipework insulation (internal)	✓		22.50
LED lighting	LED – new fitting		✓	25.00
	LED – same fitting		✓	13.00
Lighting controls	Lighting – discrete controls		✓	8.89
	Lighting control system centralised		✓	10.26
Motor controls	Fixed speed motor controls	✓	✓	11.40
	Motors – flat belt drives	✓	✓	11.40
	Variable speed drives	✓	✓	10.26
Motor replacement	Motors – high efficiency		✓	15.00
Renewable energy	Small hydropower		✓	22.80
	Solar PV		✓	22.50
	Wind turbine		✓	17.60
Time switches	Time switches	✓	✓	6.84
Transformers	Low loss		✓	30.00
	Transformer tapping change		✓	30.00
Ventilation	Fans – air handling unit		✓	23.75
	Fans – high efficiency		✓	14.25
	Phase change material		✓	23.75
	Ultrasonic humidifiers		✓	7.22
	Ventilation – distribution		✓	30.00
	Ventilation – presence controls		✓	6.84

Project Type	Work Type	Saves direct carbon	Saves indirect carbon	Persistence Factor
Enabling Measure	Battery - in combination with renewable			
	Battery - standalone			
	Capacity improvements			
	Electrical distribution			
	Incoming electricity upgrade			
	Meters - flow			
	Meters - heat			
	Meters - other			
	Smart meters			
	Upgrade electrically powered uninterruptible power supply			

Appendix 2 – Additional resources and regulations

Throughout previous Public Sector Decarbonisation Scheme funding rounds and the delivery of projects, applicants have found the following resources useful.

Resources

CIBSE (2022) Heat pump installations for large non-domestic buildings CIBSE AM17

Salix's tools and resources page

Salix's case studies

EN 17267 (2019) Energy Measurement and Monitoring Plan

Regulations

HM Government (2021) The Building Regulations 2010: Conservation of fuel and power

Appendix 3 – Examples of required supporting technical information

The following table is intended to provide applicants with guidance on the technical information required to support an application for Phase 3c of the Public Sector Decarbonisation Scheme. This sets out the level of supporting detail that is expected at submission, but please note additional queries may still be issued on any of the points made below.

Please note that such information must be specific and relevant to the project in question. Note the applicant should not provide excessive or generic documents as these will not be accepted.

To support the due diligence checks required by Salix, the relevant document names and page numbers should also be listed where requested in the Application Form. Where information is unavailable, applicants are expected to provide justification and a timeline for when this information will be available.

Scheme Criteria	
Heating plant at the end of its useful life	o Evidence the heating plant is over 10 years old at the point of removal (high resolution photographs of the boiler nameplate or a plant service report). Evidence provided must clearly display the year of installation. o If the heating plant is under 10 years old, the plant service report should be conducted by a third party and include details on why it has reached the end of its useful life sooner than is typically expected e.g., high operation or poor design.
'Whole building' approach	o Detail current building fabric for each building including the condition and age of building fabric elements. o U-values provided with methodology. o Feasibility study provided to identify which building fabric improvements and energy efficiency measures can be implemented. o For any fabric measures not included in the application, evidence should be provided to demonstrate that such measures have already been implemented to reduce energy wastage. o Peak heat loss calculations as per section 4.14. o All data points completed in Step 2.2 Project Design of the Application Form. o If 'whole building' approach cannot be met, evidence to support the eligible mitigation scenarios as highlighted in Figure 2 (e.g., feasibility study or cost evidence).
Applicant contribution	o Confirmation that sufficient financial reserves are available to a) cover the mandatory like-for-like contribution, and b) cover potential cost increases throughout the delivery of the project. o All fields completed in Step 1 Introduction of the Application Form.
Low carbon heating system sizing	o Peak heat loss calculations as per section 4.14. o Details should be provided on how DHW demand will be met. o All data points completed in Step 3.2 Heating System of the Application Form. The mandatory cells on this tab will flag red if incomplete.
Options appraisal	o Evidence that all available options have been explored for low carbon heating measures, building fabric improvements and energy efficiency measures. o Commentary on what measures are most suitable and why other measures were discounted. o This should include consideration of the cost of the initial system as well as operational and maintenance costs.

Application Form and supporting evidence	
Energy saving calculations	o Unlocked Excel energy saving calculations showing methodology. o Baseline figures for fossil fuel consumption must be based on metered data, the previous year's energy bills and/or the latest DEC. o If modelling is used, commentary must be provided on the methodology. o Figures in supporting information should exactly match those in the Application Form.
System specific detail	o All data points completed in Step 2.2 Project Design and Step 3.2 Heating System in the Application Form. o Site surveys of current emitters, and evidence that they are correctly sized for the proposed system. If needed, evidence of methodology behind heat emitter selection. o Evidence on how the proposed heating system has been sized, accounting for whole building approach and existing/remaining heating systems. o Schematics of the existing and proposed heating system, detailing how the system will operate in the building. o If the proposed heating system configuration is hybrid or bivalent with an existing (non-end-of-life) fossil fuel plant, commentary should be provided that details how the operation of the low carbon heating system will be prioritised. o Details on proposed manufacturers of all measures and data sheets where available e.g., ASHP, heating emitters (if new).
Cost evidence	o Full cost breakdown in an Excel format to include details of supply and installation costs for each measure and any associated enabling works. Specific consideration may need to be given to the electrical infrastructure and any new additional demands that may be required. o CAPEX. o Quotations and invoices to support project costs.
Electrical connection	o Details of whether the local power distribution infrastructure can support the proposed electrified heating system. o Commentary on whether the Distribution Network Operator (DNO) has been engaged and the stage of engagement. If not, DNO engagement must be built into the project programme.
Heat networks	o If the application is for a heat network, bespoke carbon factor calculations must be provided. o Primary heat losses must be accounted for in calculations. o Applications for a district heat network must confirm that the specific component in this bid is not being funded through other sources.
Complete site details	o All data points completed in Step 3.1 Site Details in the Application Form. The mandatory cells on this tab will flag red if incomplete. o Pre- and post-improvement peak heat loss figures in the Application Form must be supported by calculations. o Evidence of existing annual fossil fuel and electricity usage, e.g., metered data, the previous year's energy bills and/or the latest DEC. o Clear site drawings would be advantageous, demonstrating the layout of the proposed measures.
Like-for-like contribution	o Quotations from contractors/suppliers, preferably from multiple sources. Quotations should include removal of existing equipment; main equipment including controls; plinth, pipework connections including insulations; installation; and commissioning. o Costs based on experience with other similar projects.

Existing system and proposed system data	o All data points completed in Step 3.2 Heating System of the Application Form. o Schematics of existing and proposed heating system. o Evidence of the efficiency of the existing heating plant as per section 4.10. o Evidence that the proposed system can operate efficiently at proposed flow and return temperatures.
Sequencing of energy savings	o Evidence that the low carbon heating system energy savings are based on figures post building fabric improvements and energy efficiency measures. This can be demonstrated in the energy saving calculations.
Fuel costs	o Evidence of current fuel cost (e.g., energy bills). o Commentary on proposed fuel cost and what this is based on.
Correct grant value	o Grant value input into Step 4 Support Tool of the Application Form is not greater than the Eligible Grant Value, also given in Step 4.
Complete governance details	o All data points completed in Step 5 Project Governance of the Application Form. o Project governance evidence supplied e.g., organisation structure, project execution plan and previous internal and external experience commentary.
Risk register	o Detailed risk register highlighting and rating risks specific to the proposed project and proposed mitigation actions.
Project programme	o Detailed project programme with key milestones for each measure. o Appropriate contingency should be included. o Project programme should be updated as the project progresses.
Listing supporting documents	o Ensure documents are listed in the Application Form. o All documents should be named appropriately.
Step 6 check	o Ensure all compulsory documents have been uploaded. o Provide further commentary in the Application Form if compulsory documents are incomplete.

Glossary

Authorising Official The individual from an eligible organisation in a position of authority to approve and sign official and legal documentation associated with the Public Sector Decarbonisation Scheme project. This may be a chief executive or financial officer, or another senior official. This individual should be identified and agreed upon before application and should be part of the project governance structure.

Bivalent systems typically use a primary and a secondary heating/cooling generator. The primary system provides part of the peak load, with the secondary system supplying either a. the remainder of the peak load (a parallel bivalent system); this strategy minimises contribution by the secondary plant, or b. the entire load, under peak conditions: an alternate bivalent system.

Carbon Cost Threshold (CCT) £325t/ltCO2e The maximum grant available per tonne of direct carbon saved over the lifetime of the measures installed. Any project costs over and above this threshold must be funded by the grant recipient.

Consortium An association of two or more eligible organisations applying for Public Sector Decarbonisation Scheme funding under one application. All members must comply with the organisation and building eligibility criteria. Consortium applications must disclose the terms of the consortium by completing the Consortium Documentation tab in the Application Form.

Direct carbon (previously referred to as non-traded carbon) Carbon emissions resulting from combustion of fossil fuels either within an organisation's site boundary or, where heating is provided by district heating, from an off-site energy centre.

District heating Heating for several buildings in a local area is provided from an external energy centre. The heating is typically transmitted to each building via a network of highly insulated underground hot water or steam pipes. It is also known as a heat network or teleheating. The heat is often obtained from a cogeneration plant burning fossil fuels or biomass, but heat-only boiler stations, geothermal heating, heat pumps and central solar heating are also used, as well as heat waste from nuclear power electricity generation. District heating is differentiated from onsite heat networks in the Public Sector Decarbonisation Scheme Application Form. Please see below for onsite heat network definition.

End of life heating plant The existing fossil fuel heating plant that will beat the end of its useful life at the point of removal. Evidence that the existing heating plant is 10 years old or more must be provided for the application to be eligible. Applicants should refer to manufacturer's guidance or industry standard references, such as CIBSE Guide M, to help them to understand how to assess whether their system is coming to the end of its useful life. This may mean heavily used heating plants are replaced earlier than those receiving less wear and tear. Evidence will be required.

The heating plant The unit that generates thermal energy for use in space heating and/or hot water requirements for buildings, examples include boilers and Combined Heat and Power (CHP) units.

Indirect carbon (previously referred to as traded carbon) Carbon emissions resulting from power generation off-site by another organisation. For the vast majority of public sector organisations this will primarily be carbon emissions arising from grid electricity use.

Lifetime of low carbon heating measures The anticipated lifetime of a low carbon heating technology. The lifetime is used alongside the lifetime of energy efficiency measures to calculate the maximum grant value available using the Carbon Cost Threshold methodology (£/tCO2eLT).

Like-for-like and applicant contribution Applicants must contribute the funding equivalent to the like-for-like costs of replacing their fossil fuel heating plant and any supporting infrastructure within the plant room. Where the like-for-like cost is less than 12% of the total project cost, the grant recipient must contribute a minimum of 12% of project costs.

Low Carbon heating A heating system that emits little or no direct carbon. Electric heat pumps are the most common low carbon heating solution. They are often multiple times more efficient than a fossil fuel boiler and the indirect emissions associated with electricity use will reduce over time to zero as the power grid decarbonises.

Main contact The individual responsible from the public sector applicant for overseeing the project and fulfilling

certain duties such as completing monthly monitoring reports, sharing payment evidence, and ensuring Salix is kept up to date during project delivery.

Marginal costs Costs in addition to the business-as-usual costs for replacing the existing fossil fuel heating plant on a like-for-like basis.
N+1 is defined as: 'N' is the number of components needed to achieve the design conditions. For example, this could be 4 boiler heating modules designed to achieve 100% of the heating load at design conditions. '+1' redundance provides a minimal level of resilience by adding a single backup component. In the above example N=4 no. boilers and +1= 1 similar sized back up boiler to the N boilers.
Dual fuel requirements are a separate form of resilience from N+1 system redundancy, as the N+1 can be achieved on a single fuel system.

Onsite heat networks Heating for several buildings on a single site is provided by an onsite plant room or rooms.

Persistence factor The persistence factor is the lifetime of the energy efficiency technology averaged to factor in degradation. The persistence factors for individual technologies employed by Salix are based on those derived by the Carbon Trust. The persistence factor is used in the calculation of cost to save a tonne of CO2e over the lifetime of an application for energy efficiency measures (£/tCO2eLT).

Subsidy 'enterprise' is defined in section 7 of the Subsidy Control Act 2022.

UK Infrastructure Bank loans A source of funding to help with infrastructure investment in the UK to tackle climate change and support regional and local economic growth.

'Whole building' approach An approach to retrofit for decarbonisation that considers all the factors that contribute to a building's energy consumption together to identify the most cost-effective solution. For example, investment in improving the insulation levels of the building fabric will reduce the size of low carbon heating plant required, improve thermal comfort and save on fuel bills. Investment in reducing the peak electricity consumption can reduce the need to upgrade a building's electrical infrastructure to accommodate the installation of a heat pump.

Revision Control

Guidance latest version amended	Revision made	Date
Below are previous versions of the guidance text which are now out of date. They are recorded here for the purpose of version control only.		
V1.01	References to pool covers removed from point 5 of Section 4.2 Project Criteria	17/7/23
V1.1	Wording revision in section 4.15 and added further definitions in the glossary.	13/09/23