



Public Sector Decarbonisation Scheme: Delayed Completion Guidance

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Purpose and outcomes

The Delayed Completion Guidance is to be used when Public Sector Decarbonisation Scheme projects will part-complete after their grant end date¹. Funding for project activities taking place after the grant end date¹ will need to be covered by the grant recipient from alternative sources in order to complete the project to the agreed scope.

Please note: Separate guidance is available for the following:

- Standard completion process – for projects which will be completed and commissioned in line with the agreed scope by the grant end date.
- Delayed commissioning process – for projects where practical completion is achieved by the grant end date but works cannot be commissioned by this date because other factors, outside the grant recipient's control, will prevent them from doing so.
- Partial completion process – for projects unable to complete to the agreed scope by the grant end date.

The purpose of this guidance is to set out the steps to be followed by grant recipients during the project completion process and to enable Salix to make the final grant payment. All Public Sector Decarbonisation Scheme funded works must be completed by the grant end date and final payment documents and evidence of need (i.e. invoices) submitted to us by 18 April 2024.

Additionally, Salix will continue to monitor project progress, and the grant recipient will be bound by the terms and conditions of the grant, until full practical completion and commissioning of the project is achieved.

Public Sector Decarbonisation Scheme grant funding can only be used for project activities completing on or before the grant end date. Where invoices are dated after the grant end date, the description needs to explicitly state that the works completed before the grant end date.

The only exceptions where the final grant payment may cover costs incurred after the grant end date relate to retention payments or commissioning costs.

Retention payments

These are payments held back to ensure that the works undertaken by the contractor have been completed to the desired standard and/or to fix issues that

¹ The grant end date for single year projects is 31 March 2024, and multi-year projects is 31 March 2025.



arise after the project has been completed, including snagging and commissioning. Retention payments cannot be used for any procurement or purchasing, or the installation of any equipment. Typically, we expect retention to be no more than 5% of the grant value.

To be eligible for retention payments, grant recipients must provide evidence in the form of contractual documents and/or invoices that clearly show the amount of retention and under what conditions it will be paid. Retention payments will be made as part of the final payment upon project completion, and this will be followed up by Salix in post-completion monitoring to confirm any retention has been paid to third parties.

Evidence of retention can be provided to Salix in the following ways:

- If retention appear on invoices provided as part of earlier submissions and the current claim to Salix – this will typically show as amounts deducted from the total. If grant recipients wish to reuse these invoices denoting retention as evidence for the final claim, these do not need to be resubmitted to Salix. Grant recipients must ensure the amount of retention is displayed on a separate line on the Final Payment Statement of expenditure as part of 'Step 1 – Final Payment request', so that this is clear for audit purposes e.g. 12 amounts of retention, 12 invoices (with the invoice number and date of issue), 12 separate lines on the statement of expenditure.
- If retention doesn't appear on previous invoices submitted to Salix – we will require a copy of the original contract showing the percentage of retention to be paid. Again, this needs to be displayed on a separate line on the statement of expenditure.

Please note that for retention payments, you need to speak to your Salix relationship manager and agree these before you commit to them. We will ask to see the evidence to support your final payment before agreeing to any plans for these. Grant recipients should provide firm evidence of both before their final payment can be made.

Commissioning costs

Grant recipients may find that all their project works have completed on site by the grant end date, but factors outside their control prevent the system being commissioned, e.g. if awaiting Distribution Network Operator works to complete or there are other works at the site. If this is the case, please refer to the *Delayed commissioning process* and speak to your Salix relationship manager.

It is important to note that any commissioning works related to Public Sector Decarbonisation Scheme funded measures that were completed after the grant end date are not eligible to be claimed.

What is a delayed completion?



Projects are defined as delayed completions when they will not reach practical completion by the grant end date and the grant recipient has committed to fund the remaining outstanding measures beyond the grant end date.

Key principles

As the Public Sector Decarbonisation Scheme will account for, and report on, all the carbon savings from the projects, the grant recipient will be bound by the terms and conditions of the grant until practical completion. This will include submission of quarterly monitoring reports as per the Schedule 4 of the Grant Offer Letter.

The grant recipient will also be required to provide a letter signed by the Authorising Official, providing written confirmation of:

- the measures affected by the delay.
- the reason(s) for the delay.
- the expected practical completion date (and commissioning date if different); and
- that any spend required to complete the project to the agreed scope after the grant end date will be covered by the grant recipient using alternative funding sources.

Subject to review by Salix, a Grant Amendment Letter will then be issued stating the revised practical completion date and confirming Salix approval and outlining the ongoing monitoring requirements along with any additional conditions.

Required documents for final payment for projects following the delayed completion process:

1. Evidence to support the closure of all outstanding conditions from the Grant Offer Letter or Grant Amendment Letter (see '*Addressing grant conditions*' section below).
2. A letter signed by the Authorising Official confirming the revised expected completion date, the reasons for the delay and that the works will be completed to the agreed scope using alternative funding sources.
3. Final application form detailing any changes to project costs or savings to confirm the expected carbon savings on completion and final eligible grant value.
4. Invoices* to evidence Public Sector Decarbonisation Scheme spend.
5. Schedule 5 payment request.
6. Final Payment Statement of expenditure – This should cover all the costs included as part of the final grant payment request and like-for-like costs (minimum 12% of total project value). Any retention or commissioning costs should also be itemised on the final statement of expenditure.
7. Invoices to evidence the 12% client contribution for the final scope of works. This includes like-for-like costs for the replacement of the fossil fuel heating system. Please refer to 'Step 4 Support Tool' in your application form or contact your Salix relationship manager to confirm the amount required to be evidenced. For further guidance on like-for-like

costs please see the specific guidance sheet available to download from the '*Requesting final 2023-24 payment from Salix*' page on the website.

8. Photographic evidence of installation of measures completed to date.

***Invoices**

- These should either be dated on or before 31 March or, if dated after, clearly specify in the itemised breakdown on the invoice itself that the works were completed within the grant period.
- For multi-year projects, invoices must be dated on or before 31 March for the claim against the funding allocation for that financial year as per the Grant Offer Letter. If dated after, invoices must clearly specify in the itemised breakdown that the works were completed within the relevant financial year.
- Other types of evidence may be accepted on a case-by-case basis.

Addressing grant conditions

Grant conditions are outlined in Schedule 2 of your Grant Offer Letter (GOL). If you have received a Grant Amendment Letter following a change request, please also ensure any additional conditions listed in this letter have been addressed. Resolving these conditions ensures that Salix have completed all due diligence checks to confirm that the project meets the scheme criteria. These must be submitted for review and resolved before final payment can be made to verify the final total eligible grant value.

Salix advises submitting this information as early as possible so that these checks can be completed before they are able to impact on final payment. Please note: Salix requires a minimum of 20 working days to process documents prior to submitting a payment claim as this allows time for queries to be raised and responded to. We therefore request that all conditions due prior to practical completion and commissioning are submitted at the earlier date of 31 January 2024.

To confirm the grant value of your project, and for Salix to make your final payment, we require a final application form and the energy saving calculations for your project that confirms this. These documents need to be provided prior to the expected discharge date of Friday 29 March 2024.

To ensure the efficient assessment of conditions and timely processing, the information provided by grant recipients for clearing conditions must be final and meet the required standards. Any information that does not meet the specified standards will be rejected, posing a risk to your final grant payment. It is crucial that you provide accurate and complete data to facilitate a swift assessment by Salix. If overdue conditions remain outstanding by 31 January 2024 there is a risk Salix will not have time to assess and, if required, query the evidence provided. Therefore, putting your final payment at risk. Please contact your relationship manager if you have any issues with submitting your conditions by this date.



Upon practical completion and commissioning project, grant recipients are expected to provide:

1. Final monthly monitoring report, confirming the practical completion date and with the status of all measures listed in 'Step 1 Measure Progress' marked as 'Commissioned'.
2. Final statement of expenditure with supporting invoices to evidence the 12% client contribution for the final scope of works. This includes like-for-like costs for the replacement of the fossil fuel heating system. Please refer to 'Step 4 Support Tool' in your application form or contact your Salix relationship manager to confirm the amount required to be evidenced.
3. Photographic evidence of installation and completion of key measures (sufficient photographs of the installed kit – including close ups of serial numbers, and images that indicate the location of installed measures).
4. Practical completion certificates.
5. Boiler decommissioning grant
6. Warranty certificates for items of significant spend, where the value of the technical measure is over £100,000 or if it constitutes 25% or more of the grant value (or Operation & Maintenance manuals covering installed equipment)

Final project closure and post completion annual reporting

Once the above steps have been completed and Salix have carried out the necessary steps to review and make the final payment, you will receive a remittance advice from Salix along with the project closure letter.

The project closure letter details the process for annual carbon reporting of your project, which is required for three years to assess whether the Public Sector Decarbonisation Scheme funded measures are achieving the expected outcomes. Grant recipients must also report when they have made any retention payments to their contractor, if applicable.

For more information on this process, please check the Salix website or contact your Salix relationship manager.