



# Phase 5 Low Carbon Skills Fund (LCSF) Scheme Guidance Notes

March 2024

## Contents

1.	Phase 5 Low Carbon Skills fund (LCSF).....	3
2.	What is new for Phase 5 LCSF .....	3
3.	Submitting applications .....	7
4.	Eligibility criteria .....	7
4.1.	Who can apply?.....	7
4.2.	Scheme criteria .....	8
4.3.	Additionality criteria .....	11
5.	Responsibilities and competence .....	12
6.	The online application process .....	12
6.1.	Registration .....	12
6.2.	Submitting the online application in the Phase 5 LCSF Application Portal ..	13
6.3.	Application authorisation.....	13
7.	Assessment and award of funding.....	13
7.1.	Assessment process .....	13
7.2.	Issuing a Grant Offer Letter .....	13
8.	Delivery of the project.....	14
8.1.	Managing delivery: Progress updates to Salix.....	14
8.2.	Payment of the grant.....	15
9.	Audit.....	16
10.	Support and advice.....	17

## 1. Phase 5 Low Carbon Skills fund (LCSF)

The Public Sector Low Carbon Skills Fund (LCSF) provides grants for public sector bodies to develop heat decarbonisation plans to prepare for procurement and delivery of heat decarbonisation and energy efficiency works.

These Guidance Notes cover the Phase 5 Low Carbon Skills Fund funding window. As we begin this phase of the Low Carbon Skills Fund scheme, the emphasis remains on providing grant funding for projects that focus on developing plans for the decarbonisation of heat.

One of the greatest challenges today in meeting the UK's 2050 Net Zero target is decarbonising the way buildings are heated. Most of the buildings in the public sector still rely on fossil fuel-based heating and expert skills are required to identify and plan how these heating systems can be replaced at the end of their working lives.

Developing a heat decarbonisation plan (HDP) will help organisations to think more strategically about decarbonisation opportunities. It will help organisations work through the planning lifecycle up to, and including, the development of detailed project proposals that are cost-effective, aligned with their organisational decarbonisation strategy, and ready to be funded, either through the Public Sector Decarbonisation Scheme (PSDS) or other funding avenues.

The Department for Energy Security and Net Zero (DESNZ) has made available up to **£16 million** of funding for Phase 5 Low Carbon Skills Fund that will provide grants for public sector organisations to engage the specialist and expert advice and skills required to establish or improve an existing heat decarbonisation plan.

The application portal for Phase 5 LCSF will open on **Wednesday 17 April 2024 at 2pm** for all eligible public sector bodies to apply. The portal will be closed on **Wednesday 1 May 2024 at 2pm**.

## 2. What is new for Phase 5 Low Carbon Skills Fund

### Assessment of applications in a randomised order

Following the closure of the application portal, all applications to Phase 5 Low Carbon Skills Fund will be sorted into a random order prior to assessment and assessed in that order. Under previous Low Carbon Skills Fund phases, applications were assessed in the order that they were submitted, leading to mistakes being made as applicants rushed to get their application in as early as possible. This change reflects feedback that assessing applications in the order they are submitted does not create a favourable user experience.

As with previous phases, the applications will go through a rigorous assessment process to ensure they meet the requirements of the scheme eligibility criteria before being allocated funding. The portal will remain open for two weeks (between 17 April – 1 May) to give applicants ample time to submit their application. If the application has been submitted in full and correctly before the portal closes, it will be part of the random allocation and have as much chance of success as the application submitted first. We therefore encourage all applicants to take their time over their application and to ensure that every field has been filled in accurately before submitting.

## Grant value ranges

As in Low Carbon Skills Fund Phase 4, the available funding will be divided across three grant value ranges to mitigate the risk that a small number of high value projects exhaust a large proportion of the available budget, and to ensure that the available funding is distributed across a range of grant values.

1. 34% of the total Phase 5 Low Carbon Skills Fund funding will be allocated to applications with a value of £100,000 and below.
2. 38% of the total Phase 5 Low Carbon Skills Fund funding will be allocated to applications with a value between £100,001 and £500,000.
3. 28% of the total Phase 5 Low Carbon Skills Fund funding will be allocated to applications with a value between £500,001 and £1,000,000.

The maximum grant that can be applied for is £1,000,000.

### ***Applications will be assigned into the value ranges based on their total grant value.***

Should there be insufficient applications in any of the grant ranges to meet the cap, then any unallocated funding will be used to fund applications from other grant ranges in accordance with the ranking order following the randomisation process.

## Phase 5 Low Carbon Skills Fund Application Form

Phase 5 Low Carbon Skills Fund will see the introduction of the Phase 5 Low Carbon Skills Fund [Application Form](#) that all applicants must complete in full and submit via the application portal. To support the assessment process, a scoring framework is being introduced which will apply to some questions and facilitate comprehensive and consistent assessment of applications against the scheme criteria. All questions are set out with key requirements that need to be addressed in the responses and guidance has been provided on the guidance tab to support the completion of the form.

To note, all sections of the application form must be completed to continue through to assessment. Your application will be considered unsuccessful if the application is not completed in full, if any required documents are not submitted via the portal, or if any question scores a zero against the scoring criteria.

### **End-of-life requirement**

Phase 5 Low Carbon Skills Fund will see the inclusion of an end-of-life heating system requirement for some of the activities that are being funded by the Low Carbon Skills Fund. This is to prioritise funding later stage project-specific planning for buildings most imminently in need of heating system replacement and therefore support organisations ready to begin capital works.

For feasibility stage and design stage activities; feasibility studies, technical site surveys, investment grade audits and detailed designs, the building must be serviced by at least one end-of-life heating system to be eligible. To satisfy this criterion the boiler and/or plant must have either reached the end of its useful life sooner than is typically expected and can be evidenced or be older than 10 years for 'project specific' activities. Successful applicants will need to provide evidence for end-of-life heating systems as a condition of funding before completion.

Organisations can still include buildings with non-end of life boilers when developing activities in the strategy stage; development of a heat decarbonisation strategy, desktop assessments and building audits.

### **Maximum number of applications**

A maximum of one application per organisation is permitted.

This reflects that demand for the Low Carbon Skills Fund is consistently higher than the available funding, and we want to give as many eligible organisations an opportunity to benefit from Low Carbon Skills Fund funding as possible.

This applies across individual and joint, or consortia, applications. Where an organisation submits or is part of multiple applications, including a joint application where the organisation is not the lead applicant, only the first submitted application will be considered for assessment. The duplicate applications will be removed prior to the random allocation.

### **Tenancy arrangements**

Applicants must either own the building that is the subject of the application or occupy it under a long-term lease arrangement.

Where an organisation applies in respect of a building that they occupy under a long-term lease arrangement, there must be enough time left on their lease to benefit from developing a heat decarbonisation plan and subsequently replacing their fossil-fuel heating system. Therefore, occupying the building for the expected lifetime of the replacement plant will ensure that the public sector realises the full benefits of the low carbon heating system. In line with conservative estimates of installation timelines and heat pump lifetimes, remaining lease length is expected to be at least twenty years.

In recognition of varying leasehold arrangements in the sector, where your remaining lease is less than twenty years, but you still expect to occupy the building for at least the next twenty years, organisations will be required to provide details of this in their application. To be considered eligible the information provided must be sufficient to demonstrate your intention and opportunity to occupy the building.

In recognition of varying heating technology lifetimes, where organisations can justify that they can install and benefit from measures in less than twenty years, these applications will be considered eligible if the information provided can demonstrate this.

Where an organisation applies in respect of a building that they own but is leased to a private sector organisation, or in respect of a building that is leased from a private sector organisation, the private sector organisation cannot be responsible for funding decarbonisation activities under the terms of the lease.

### **Updated eligible activities**

The scheme has been updated for Phase 5 Low Carbon Skills Fund to reflect feedback from previous phases and introduces more activities as eligible standalone options for funding. This means that rather than the three discrete options available for Phase 4, it is now more straightforward to apply to the Low Carbon Skills Fund to carry out more focused activities that will suit your current needs.

To guide applicants through the activities eligible for funding a separate guidance document, the [Phase 5 Low Carbon Skills Fund Heat Decarbonisation Project Development Guidance](#) has been created to provide further details and introduce an illustrative three-staged approach to planning the decarbonisation of heat across your estate. A summary of this approach is given in the table below.

Stage no.	Stage	Description	Included activities
One	Strategy Stage	In this stage organisations gather the information needed to establish a strategy and plan for decarbonising heat, including prioritising where to start, for example identifying buildings with end-of-life heating systems and where the most cost-effective action is likely to be.	<ul style="list-style-type: none"> <li>• Development of a heat decarbonisation strategy</li> <li>• Desktop assessment and/or building audit</li> </ul>
Two	Feasibility Stage	Organisations with an established heat decarbonisation plan and strategy that are looking to develop their plan by conducting works that investigate the feasibility of proposals.	<ul style="list-style-type: none"> <li>• Building audit</li> <li>• Specialist site surveys</li> <li>• Feasibility studies</li> </ul>
Three	Design Stage	Specific sites have been selected and ready to develop detailed designs to prepare for capital works.	<ul style="list-style-type: none"> <li>• Investment grade audits</li> <li>• Detailed design</li> <li>• Specialist site surveys</li> </ul>

The proposed three stage structure is intended to help applicants understand the purpose and outcomes of different activities, and how they can fit together and contribute to a robust heat decarbonisation plan. They are illustrative and there is flexibility around which combination of activities an applicant can apply for. Any application that covers activities starting beyond the strategy stage will need to provide Salix with their most up to date heat decarbonisation plan or relevant documentation (such as individual completed building audits or feasibility studies). This is to evidence previous activities have taken place (either through previous Salix funding or conducted in house by the applicant) and that the applicant is ready for the activities it is applying for. The existing documentation will be required by the assessors during assessment to determine the previous activities have been conducted and the feasibility or design stage can be started under Phase 5 Low Carbon Skills Fund. If any relevant information is not provided on application showing previous activities have taken place, then the project will be deemed unsuccessful.

The application questions have been updated to reflect the changes to the guidance and organisations will be required to explain how their project is in alignment with the stages and combinations of activities outlined in the guidance. If your organisation is not following the Phase 5 Low Carbon Skills Fund Heat Decarbonisation Project Development Guidance there will be the opportunity to explain the reasoning for this, recognising that there are circumstances where it will be appropriate to take a different approach.

Salix will monitor project outputs closely and will be assessing completed heat decarbonisation plans and supporting documentation against the original application to

ensure successful applicants have adhered to their application submission. This will include reviewing whether the proposed activities have been conducted successfully and all listed buildings on application have been included as part of the project. Should the results of the completion review highlight that an organisation has not completed their project to the required standard, payment will be withheld until amendments are made to the documentation.

### 3. Submitting applications

**Announcement:** Phase 5 Low Carbon Skills Fund announced on 20 March 2024 along with full scheme guidance material.

**Application form:** The Phase 5 Low Carbon Skills Fund Application Form is mandatory and is available to download [here](#). You will need to upload a completed version of this in the application portal.

**Application portal:** The application window for Phase 5 Low Carbon Skills Fund will be opened for applications on 17 April 2024 at 2pm and will be closed two weeks after the portal opens on 1 May 2024 at 2pm.

**Receiving applications:** Once the application portal opens, Salix will check submitted applications to ensure that they meet the minimum standard outlined in the scheme criteria. Submitted applications must meet our eligibility criteria (please see section 4 of this guidance document for more information) to be submitted for full assessment. Please refer to the guidance on the application form on how to answer the application questions before developing and submitting an application.

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

**Project completions:** All applicants awarded funding must complete their projects by Monday 31 March 2025 at the latest.

### 4. Eligibility criteria

#### 4.1. Who can apply?

An eligible organisation (“the applicant”) is any contracting authority in England as defined in the [Public Contracts Regulations 2015](#) and such other analogous organisations established for the public benefit.

This includes:

- Central government departments and their agencies (set out in Public Bodies as published by the Cabinet Office [here](#)).
- For central government departments where their roles are reserved (i.e. not devolved to Scottish, Welsh and Northern Irish Governments), including the Ministry of Justice and Ministry of Defence, 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.

A local authority or government body is eligible to apply on behalf of schools that fall within the authority's remit.

A joint application can be made for more than one eligible body. In this case, a lead applicant should be agreed, who will submit the application on behalf of the group. All projects within a group application can be submitted in a single application.

A maximum of one application per organisation is permitted.

**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.

A private sector organisation cannot apply on behalf of an eligible organisation. The application must be submitted by the lead officer and signed off by the Authorising Official of the public sector organisation making the application.

Social housing is not eligible to apply to Phase 5 of the Low Carbon Skills Fund.

### **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 5 LCSF 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 1.3 in the application form.

The Department of Energy Security and Net Zero 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.

### **4.2. Scheme criteria**

1. The funding is for producing a heat decarbonisation plan(s) or updating an existing heat decarbonisation plan(s), where an up-to-date heat decarbonisation plan(s) is already in place, in accordance with the [Phase 5 Low Carbon Skills Fund Heat Decarbonisation Project Development Guidance](#).
2. Heat decarbonisation plan(s) must be delivered in respect of public sector building(s) that have a fossil fuel heating system currently in place and take a whole building approach to decarbonisation.



3. Applicants must either own the building(s) that is the subject of the application or occupy it under a long-term lease arrangement. Where an organisation applies in respect of a building that they occupy under a long-term lease arrangement, they must either have twenty years left on their lease or be able to demonstrate the intention and opportunity to occupy the building(s) for a sufficient period to install and benefit from heat decarbonisation measures throughout their lifetime.
4. Where an organisation applies in respect of a building that they own but is leased to a private sector organisation, or in respect of a building that is leased from a private sector organisation, the private sector organisation cannot be responsible for funding decarbonisation activities under the terms of the lease.
5. An eligible heat decarbonisation plan will:
  - Specify how the applicant will decarbonise building(s) on its public sector estate, specifically identifying measures that reduce direct greenhouse gas emissions associated with fossil fuel use, in public sector buildings; and
  - Aim to maximise cost-effectiveness by taking a 'whole building' approach to building decarbonisation; and
  - Produce or facilitate the production of the information and data required to develop an investment ready project, and to support making a valid application for the Public Sector Decarbonisation Scheme (PSDS) or other funding options. Specific activities that might be carried out include:
    - Development of a heat decarbonisation strategy
    - Desktop assessment
    - Building audit
    - Feasibility studies
    - Specialist technical site survey
    - Investment grade audits
    - Detailed design
  - Eligible applications for feasibility and design stage 'project-specific' activities (feasibility studies, specialist site survey, investment grade audit and detailed design) will include buildings that are serviced by at least one end-of-life heating system. End-of-life is defined in accordance with the Public Sector Decarbonisation Scheme, that the boiler has either reached the end of its useful life sooner than is typically expected and can be evidenced or be older than 10 years. Applications for strategy stage activities (development of a heat decarbonisation strategy, desktop assessment and building audit) will not have the age of their buildings' heating systems considered when assessing applications.
  - Please refer to the [Phase 5 Low Carbon Skills Fund Heat Decarbonisation Project Development Guidance](#) for guidance on a good quality heat decarbonisation plan.

6. The scope of eligible detailed designs are projects that present:

- Complete design works up to RIBA Stage 4 [Plan of Works](#). These provide the design information required to manufacture and construct your low-carbon heating project; and
- Finalised technical details in preparation for appointing a contractor, following the feasibility and concept design stages. This stage translates the conceptual designs made at RIBA Stage 3 into practical and buildable solutions that can be executed at the construction phase; and
- Design specification and detailed technical drawings for the proposed low-carbon technology. These include system specification such as size, make, model, refrigerant type (where appropriate), flow temperatures etc., stating which standards and design principles have been used; and
- Calculations of the heating and cooling load requirements of the building to determine appropriate capacity and configuration of the technology; and
- Design of the distribution system including schematics for pipework and ductwork, detailing sizing, routing, and insulation requirements where appropriate; and
- Design of the electrical system (where required) including wiring diagrams, circuit layouts, voltage requirements for the low-carbon technology, and any ancillary equipment such as pumps and controls; and
- Compliance with regulatory and statutory requirements, including safety, building regulations, planning conditions, environmental regulations, and refrigerant handling (where appropriate).

The following RIBA Stage 4 elements are not essential to be completed as part of Phase 5 Low Carbon Skills Fund designs but will be beneficial when progressing completed designs to the construction phase:

- Engagement with the Distribution Network Operator to determine viability and electrical upgrade requirements
- Submission of planning permission
- The creation of a project programme, cost plan and risk register for the proposed project

To meet the eligibility criteria on completion, Salix will need to receive the following: peak heat loss calculations, relevant technical site surveys, data sheets, optimal sizing calculations, detailed design drawings with specification details and schematics for the proposed low carbon heating system with confirmation of proposed flow and return temperatures. Examples of these are available on the website page linked below.

Please note: Additional information may be requested for bespoke projects, for example to evidence that a design can deliver sufficient delta T values.

For more information on how to complete design works up to RIBA Stage 4, please use the provided [resources and examples](#) for support.

7. Applicants must demonstrate how they will ensure that their project provides value for money as part of the application process. All applicants will be required to submit a cost breakdown within the application form, as well as a project programme. The cost breakdown will be assessed against the activities taking place and the proposed timelines of the project according to the Cost Assessment Scoring Criteria in the application form.
8. The grant is only available for the cost of resourcing specialist private sector skills and expertise, such as consultancy, to undertake an eligible project.
9. Applications must be original and bespoke to the organisation applying and the site(s) that is the subject of the application and must be completed in full. Where there is evidence that applications are not original and bespoke to the organisation applying and the site(s) subject of the application process, or where answers are not provided in full and the application is otherwise incomplete, these applications will be deemed unsuccessful.
10. Specific exclusions:
  - The grant must not be used for capital expenditure, such as the purchase of energy efficiency or decarbonisation equipment.
  - The grant must not be used to fund an existing full-time employee at the public sector organisation whose costs are already covered by internal budgets.
  - The grant must not include VAT, unless the VAT cannot be reclaimed from HMRC.
  - The grant must not be used to secure Phase 5 funding for the appointment of a contractor to deliver the manufacturing and construction phase of the project.

There is a maximum grant value of £1,000,000.

### **4.3.      **Additionality criteria****

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

- The project is not required to be in place by law (including building regulations or health and safety legislation). Please note that for measures that go beyond what is required by law, grant funding can be sought for the increased cost; and,
- The project is being undertaken on public sector building(s) that have a fossil fuel heating system currently in place and takes a whole building approach to decarbonisation; and,
- The project is not undertaken with a view to commercial gain (other than the reduction of costs through increased energy efficiency); and,
- The project has not begun; and,
- Funding for the project has not been agreed via another source; and,
- In Salix's reasonable opinion, the project would not take place without the grant.

Where a heat decarbonisation plan is already in place, work will only be considered additional where either the scope or detail is expanded. The scope is expanded where new buildings or areas of buildings are included, and the detail is expanded where the HDP is made more detailed, for example by carrying out a feasibility study on a building initially included in a heat decarbonisation strategy, or by carrying out design work following successful feasibility studies.

Further changes to a site or additional works needing to be incorporated to an existing heat decarbonisation plan may also be eligible.

## 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:

- Project identification and development
- Establishment of firm costs
- Selection of suitable supplier(s) following the applicant's procurement procedure
- Project delivery including project management
- Reporting on project progress
- Post project completion activities

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.

Public sector applicants must also ensure that all professional consultants and/or contractors provide invoices, receipted 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 applicants 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 applicant to the required deadline.

## 6. The online application process

Private organisations can support the preparation of the Phase 5 Low Carbon Skills Fund Application Form, but the online application must be reviewed, signed off and submitted by the applicant directly and not by any external consultant or contractor.

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

### 6.1. Registration

- Visit the Phase 5 Low Carbon Skills Fund webpage [here](#) and click on 'Register for Application Portal [here](#)'. This will be available in early April.
- If you are an existing grant recipient, please log in via the usual route on the Salix website.

## **6.2. Submitting the online application in the Phase 5 Low Carbon Skills Fund Application Portal**

When the application portal opens, visit our Phase 5 Low Carbon Skills Fund webpage and click the link 'Application Portal'.

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, and an Authorising Official at the eligible organisation.

Applicants upload their completed [Phase 5 Low Carbon Skills Fund Application Form](#) and any necessary supporting information.

Once applicants are satisfied that all sections of the application portal are complete, click submit.

## **6.3. Application authorisation**

Upon submission, an automatic email will be sent to the named Authorising Official at the eligible organisation or lead applicant for a group application. This email will request authorisation for Salix to begin assessing the application and requires a response within three working days, via email, by the Authorising Official before Salix can proceed.

Please ensure the Authorising Official is available to respond so your application is not delayed, application assessment cannot start without this authorisation.

## **7. Assessment and award of funding**

### **7.1. Assessment process**

Prior to assessment, applications will be sorted into a random order, and assessed in that order.

Applications will be assessed against the scheme criteria, and some questions will be scored using the qualitative framework set out in the application form.

If there are any questions or further information required, the applicant will be contacted to request this. It will not be possible to progress the application further until the requested information is provided and agreed by Salix.

Applicants are expected to return information and evidence to Salix to meet the queries within three working days. Where this is not met, applications will be unsuccessful.

If applications are considered of poor quality, incomplete or are missing key documents then Salix reserves the right to reject the application without completing the assessment. In order to pass assessment, applicants will need to meet a minimum quality threshold to be successful. Further guidance on completing the application form can be found in the guidance tab.

### **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 from DocuSign via email. A copy of this letter

must be signed by the public body's Authorising Official and returned to Salix within ten working days.

The Grant Offer Letter outlines the terms and conditions of receiving the grant value allotted to the Phase 5 Low Carbon Skills Fund approved project. It includes the grant start and end dates and the schedules that will be used as a template for monitoring and reporting during the grant period. The terms and conditions can also be found on the website.

No grant funding can be claimed for work completed before the Grant Offer Letter is signed and returned by the grant recipient. Organisations are free to prepare for work to commence before the Grant Offer Letter is signed and returned, but they cannot claim any grant funding for these preparations.

## **8. Delivery of the project**

### **8.1. Managing delivery: Progress updates to Salix**

The Grant Offer Letter outlines how regular contact with Salix will be maintained from assessment to completion and what is required from the successful applicant during this period. This will include scheduled meetings, quarterly 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.

The regular meetings with grant recipients delivering larger projects may include a senior manager from the Salix team.

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

It is important to note that a sample of projects will be audited by Salix. See Section 9 for more detail.

While successful Phase 5 applicants will be notified anytime from June onwards, no payment claims can be made by grant recipients before the Grant Offer Letter has been signed and returned and before August 2024. All grant funding must be claimed before the grant end date specified on the Grant Offer Letter.

Experience from previous Low Carbon Skills Fund phases has shown that those grant recipients that start early with a clear project plan, deliver a more effective product within the grant period. The applicant's Salix relationship manager will seek to arrange a call with the applicant in July to discuss the project plan. Critical areas to consider are:

- Key milestones, and risks to successful delivery
- Internal governance, decision making, procurement and approval process
- Payment forecast as per Schedule 3 timescales (when the applicant will expect to be requesting payments from Salix)

All successful applicants are required to provide Salix with quarterly monitoring reports on the project risks and progress towards key milestones during the delivery of the project. The Schedule 4 link will be provided by relationship managers, with the first

report due in early August after the Grant Offer Letter is signed and quarterly from that point on.

Underspend following contract award is to be reported to Salix immediately. Salix will issue the applicant a Grant Amendment Letter for the new project value. Any underspend will be reallocated to applicants on the reserve list. Applicants will be notified if they are on the reserve list when told of the outcome of their application once all funding has been awarded.

## **8.2. Payment of the grant**

Applicants will be able to claim payments during the delivery of and following completion of their project(s). Payments can only be claimed for work that has been completed and cannot be claimed in advance of, or without evidence of need. Please note that payments are only made directly to eligible organisations and will be processed on a monthly basis, starting from August 2024.

The payments, made on a monthly cycle, will be subject to providing the required level of evidence that work has been completed. The grant will be accessible from the grant start date and is available to be requested until the grant end date. The grant will be provided in a maximum of two payments in the amounts and at the times set out in the forecast, subject to the following requirements:

- An accurate forecast of the expected claim is submitted to Salix two months ahead of any claim. An updated forecast is required if a payment month will not be met. Payment will not be made if it's not included in the forecast sent to the Department of Energy Security and Net Zero (DESNZ).
- 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 for expenditure must be signed by an Authorising Official from the eligible organisation.
- The full conditions set out in the Terms and Conditions and the Schedule 2 within the Grant Offer Letter have been met.

Where a lead applicant has submitted a joint application for a group of eligible public bodies, 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 successful applicant in its delivery of the project outside the sums set out in the Project Programme within the Grant Offer Letter, the amount of such overspend shall be met by the recipient from its own funds as Salix cannot increase the value of the Low Carbon Skills Fund grant once the Grant Offer Letter has been signed. It is essential that all successful applicants inform Salix immediately if there are any significant changes to the costs of the project.

When a project is on a projected overspend track, the applicant must raise this immediately with Salix, who will arrange to discuss how this situation is being managed. The discussion will include how the applicant can use its own funding to complete the project. Salix will also discuss if the applicant needs to reduce the project scope to remain within the funding available. This would be to ensure that the remaining grant is sufficient to meet the remaining costs required for the delivery of the project. Salix is not authorised to agree additional funding.



Applicants may only claim reimbursement of the sums actually spent on the costs included in their application. If these amount to less than the total grant awarded, the full balance may not be claimed.

Projects should complete by the date specified in the Grant Offer Letter. No payments can be made after this date. Any costs incurred to complete the project after the grant end date must be met by the grant recipient from alternative sources. The applicant will be required to provide the completed output from the project as per the conditions of funding in the Grant Offer Letter. Salix will assess completed outputs against the original application to ensure organisations have adhered to their application submission. Should the results of the completion review highlight that an organisation has not completed their project to the required standard, payment will be withheld until amendments are made to the documentation.

## **9. Audit**

Salix is responsible for taking reasonable steps to monitor grant recipients' use of funding awarded, including the delivery of the projects for which this funding was approved. This will include undertaking audits of a sample of grants.

If selected for audit, a grant recipient will be required to engage with the audit process within the timescales stated in the audit notification letter 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, as stated in the Grant Offer Letter and Terms & Conditions. 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 be required to demonstrate that they have followed applicable government regulations for managing public money, their organisation's policies and procedures (covering procurement, conflict of interest declarations, financial delegations), 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. They must show 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. This will include but will not be limited to contract documents, invoices, insurance certificates, evidence of due diligence checks, conflicts of interest registers/declarations, completion 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. The audit will also review the project outputs (HDP, detailed designs, etc).

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. Salix has the right to review the grant recipient's accounts and records that relate to the project and the grant and has the right to take copies of such accounts, records, or any other related supporting documentation.



The Authorising Official will be contacted if the grant recipient is selected for an audit. Following the audit, the grant recipient will receive an audit report and opinion from the audit team.

## **10. Support and advice**

Please refer to the Salix webpage for the most up to date information regarding key dates and how to apply, [here](#).

As well as having specialised teams with expert knowledge of the different areas of the public sector, Salix runs a series of webinars giving people a chance to ask questions. Salix also produces videos supporting the announcement and the opening of the application portal. Please view our website for details about relevant webinars, [here](#).

All Phase 5 Low Carbon Skills Fund enquiries should be sent by email to [phase5LCSFgrants@salixfinance.co.uk](mailto:phase5LCSFgrants@salixfinance.co.uk). The Phase 5 team is on hand to answer all queries within three working days. However, for complex enquiries this may take a little longer.