

# Phase 3c of the Public Sector Decarbonisation Scheme



# Phase 3c Public Sector Decarbonisation Scheme

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## Agenda

- About Salix and the Public Sector Decarbonisation Scheme (PSDS)
- Introduction to Phase 3c PSDS
- ECT Guiding Principles
- Application advice
- Timeline
- Q&A



# About Salix

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Supporting **energy efficiency and heat decarbonisation** in public sector buildings across the UK since 2004



Became a **non-departmental public body in 2020** – Owned by the Department for Energy Security and Net Zero



Delivering the **Public Sector Decarbonisation Scheme (PSDS)** and **Low Carbon Skills Fund (LCSF)** on behalf of the Department, as well as ongoing bespoke funding schemes for the Scotland and Wales governments

# Introduction to Phase 3c



# Eligible bodies for Phase 3c

- Central government departments and their arm's length bodies
- 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

## **Exclusions are:**

- Public corporations
- Registered charities
- Private sector organisations
- GPs (except if managed by NHS trust)
- Social housing
- Council flats



# Criteria for Phase 3c



Applicants must have and be using a **fossil fuel heating plant**



The heating plant must be coming to the **end of its useful life**



Applicants must include at least **one low carbon heating measure per building**



The new low carbon heating technology should be complemented with other measures that will reduce the level of heat demand (**capped at 58% of the total grant value**)



Applicants are encouraged to take a **'whole building' approach**



Applicants are expected to contribute funding to the like-for-like costs of replacing their fossil fuel heating plant at a **minimum of 12% of total project costs**



External consultancy and management fees may be included in the application - **Existing employee costs or any costs previously incurred cannot be included in the application**

# Important features for PSDS Phase 3c

- Applications will be assessed on a first come first served basis
- There is no limit on grant funding applied for per project and there will be funding available across two financial years, 2024/25 & 2025/26.
- **Hybrid heating plants are not eligible** where new fossil fuel boilers are being installed as part of the project. A combination of low carbon heating measures, such as a heat pump alongside an electric boiler, will be supported
- **Introduction of technical status updates with definitions**
  - For example:
    - Passed quality checks
    - Under assessment
    - Passed assessment
    - Not awarded



# Sector Soft Caps



Endeavour to ensure an even distribution of funding across the public sector



Divided by Health, Education and Other (i.e., Local Authorities, emergency and ambulance services, leisure and community centres, law courts and prisons, Ministry of Defence buildings, museums and theatres)



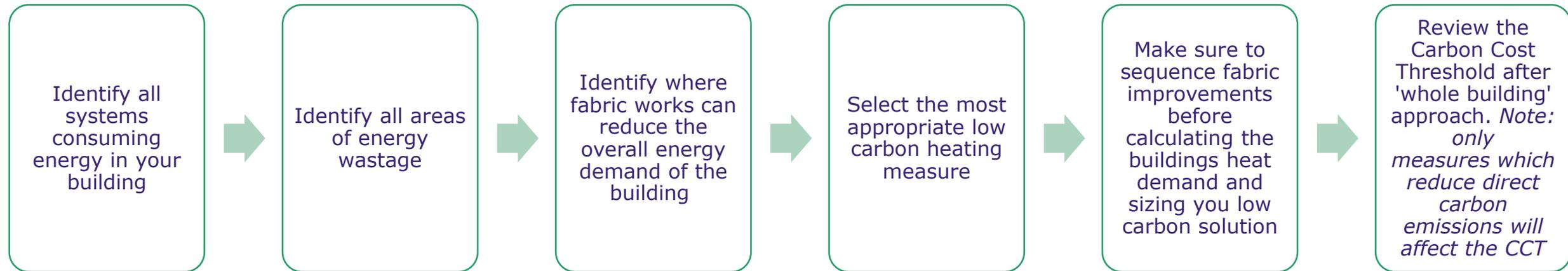
All sector caps will be set at 1/3 of total scheme funding



Applications will be allocated to the appropriate sector pot until the cap is reached

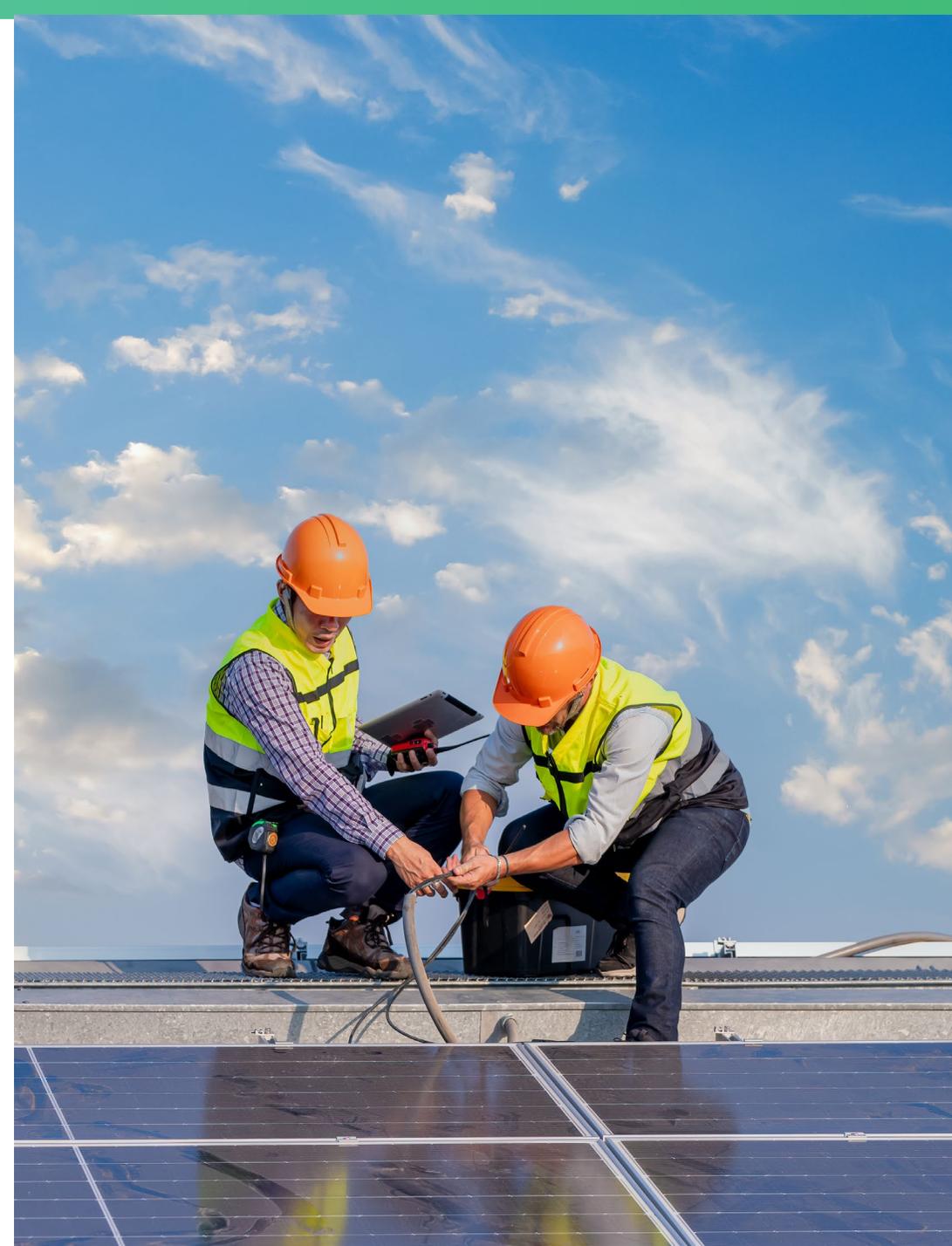
# 'Whole building' approach

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. Here's our advice:



# Project governance

- Establish a project governance structure before applying, the Application Portal requires a main contact and authorising official.
- The main contact should be someone responsible for the day-to-day management of the project
- The authorising official should be someone who has been given authority to sign-off on legal documents such as the Grant Offer Letter
- Consider your applicant contribution and contingency amounts
- Early spend will be available to give applicants additional support to start works before 1 April 2024



# Funding profiles



Applications must include a grant spending profile that best fits their project



Funding will be available in both financial years 2024/25 and 2025/26 (April to March), and it should be as accurate as possible



All projects must complete by 31st March 2026



Applications must include details of planned project spend in each financial year

# Funding profile example

## **Spending across two financial years, starting 1 April 2024 and completing 31 August 2025**

- A school plans to replace their gas boiler with an air source heat pump, as well as introduce LED lighting and fabric measures
- Limited by term times to be able to carry out required works
- They use the first financial year (2024/25) for detailed designs and placing orders
- Plan for installation works to take place during summer holidays in FY 2025/26, with a planned completion date of 31<sup>st</sup> August
- In this way, spending profile fits their project rather than trying to fit the grant period



# ECT Guiding Principles



# Compliance

- The funding provided to save a tonne of direct carbon over the lifetime of the project must not exceed the **Carbon Cost Threshold (CCT) of £325/tCO<sub>2</sub>e**.

$£325 \text{ tCO}_2\text{eLT} \geq$

$$\frac{[(£)\text{Full capital cost of bundle}] - [(£)\text{like for like replacement of existing heating system} + \text{any top up funding provided}]}{\text{Total direct carbon emissions saved over the lifetime of the project (tCO}_2\text{eLT)}}$$

- **What affects the grant value?**
  - Applicant contribution at a minimum of **12%** of the total project costs.
  - Energy efficiency measures cannot exceed **58%** of the total grant value.
  - The **Lifetime** or **Persistence Factor** of the technology.

# Application Form

The **Guidance tab** contains a step-by-step guide for completing the form \*

**All** fields must be filled to be considered a complete application

Please open in the **desktop app**, **enable editing** and **automatically calculate formulas** in order for this tool to fully function

Written responses should be **unique** to your application

Do not paste values into cells, or always paste '**as values**', and please use dropdown lists where applicable

\* Further supporting videos will be available on the Salix website over the summer.



# What is new in the 3c Application Form?

- Several new questions have been added to **Step 1 Introduction**. Please pay particular attention to Section **8. Subsidy Control Rules**.
- You will be asked to provide details in a new step (**Consortium Documentation**) should you be applying as part of a Consortium.
- There is a new step, **Step 3.2 Building Details**, where you must provide your Unique Property Reference Numbers (UPRNs), Meter Point Administration & Reference Numbers (MPANs & MPRNs).
- You will be asked to provide both **Baseline (Typical)** and **Actual** fossil fuel & electricity annual energy consumption building data, the latter from the previous Financial Year (April 2022 – March 2023).

Step 3.1 Site Details

Step 3.2 Building Details

Step 3.3 Heating System

Step 4 Support Tool

Step 5 Project Governance

Step 6 Submit Application

Consortium Documentation



# Compulsory Supporting Documents

End-of-life boiler evidence

Cost evidence (breakdown and quotations/invoices, Capital Expenditure)

Energy saving calculations for all measures

Calculations to demonstrate that the proposed heating system has been sized correctly

Building energy figures (metered data, historic bills or DEC)

Options appraisal report

Feasibility study

Schematics of the existing and proposed heating system

Detailed risk register

Project programme

\*Documents provided **MUST** match the information in the Application Form.



# Timeline

Application Portal opens



Technical assessment begins after submission



Queries from technical assessment



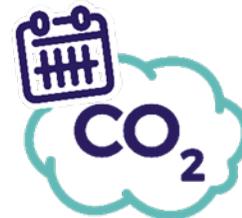
Deliverability call



Grant Offer Letter issued and signed



Project commencement



# Application Advice

Read and ensure guidance is fully understood

Inform all internal stakeholders and establish a project governance structure

Create a Salix profile before portal opening

Have your application ready including a completed Application Form & all supporting information

Consider current levels of inflation in your costings

Apply when the portal opens - **Salix will only accept applications made by members of the public sector organisation**

Engage with the DNO early

Submit bespoke applications



salixfinance.co.uk



# Resources available

The following can be found on the [Salix website](#):

 Frequently Asked Questions

 Applicant Journey

 Phase 3c Guidance Notes

 Application Form

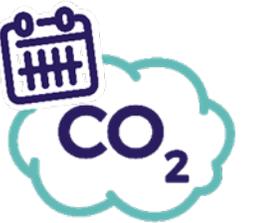
 Terms and Conditions



# Questions & Answers

Applicant queries can also be directed to the email below:

[Phase3cPSDSgrants@salixfinance.co.uk](mailto:Phase3cPSDSgrants@salixfinance.co.uk)



[salixfinance.co.uk](https://salixfinance.co.uk)

