

Public Sector Decarbonisation Scheme PSDS – Partial Completion Guidance

Purpose

The partial completion guidance is to be used when PSDS projects are unable to complete their agreed scope of works by the grant end date as agreed with Salix due to previously unforeseen circumstances. This may affect the compliancy of the project against the scheme criteria and the eligible spend which can be claimed from the PSDS.

Please note: Separate guidance is available for the following:

- Standard Completion Process – for grant recipients who have completed their project to the agreed scope by the grant end date¹.
- Delayed Completion Process – for grant recipients completing their project after the grant end date.
- Delayed Commissioning Process – for grant recipients completing their project by the grant end date, but they are unable to be commissioned by this date because other factors, outside their control, will prevent them from doing so.

The purpose of this guidance is to set out the steps to be followed by the grant recipient during the completion process, and to enable Salix to make the final payment. All PSDS projects are to be completed by the grant end date and final payment submission received by 20 April 2023.

The grant can only be used for project activities completing on or before the grant end date and the invoices submitted by contractors are dated within this grant period. For invoices dated after the grant end date, the description needs to explicitly state 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 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 the retention payment and under what conditions it will be paid. Retention payments will be made as part of the final payment upon completion and this will be followed up by Salix in post-completion activities to confirm any retention has been paid to third parties.

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

- If retentions appear on invoices provided as part of earlier submissions and the current claim to Salix – These amounts of retention 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 Statement of Expenditure (SoE) e.g., 12 amounts of retention, 12 invoices (with the invoice number and date of issue), 12 separate lines on the SoE, clear for auditing.

¹ Grant End Date for single-year projects is 31st March 2023, and multi-year projects is 31st March 2024/25

- Retention which doesn't appear on previous invoices – Salix require a copy of the original contract showing the percentage of retention to be paid. Again, this needs to show as a separate line on the Statement of Expenditure.

Please note that for retention payments, you need to speak to your Salix Finance relationship manager and agree these before you commit to them. Salix Finance 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 is issued.

Commissioning costs

As a client you may find that you have completed all the project works by the grant end date, but for reasons outside the projects' control, e.g. you may be awaiting DNO works to complete or there are other works at the site that prevent the system being commissioned. If this is the case, please refer to the *Delayed Commissioning Process* and speak to your Salix Finance relationship manager.

It is important to note that any commissioning works related to PSDS elements that were completed after the grant end date are not eligible to be claimed.

What is a Partial Completion?

Grant recipients who are unable to complete their projects may have incurred permitted spend on elements of the project before the decision to stop the project was taken. There may also be projects that only partially complete, due to the late materialisation of an issue which prevents them from completing all their works by the grant end date. This may include projects where late cancellation of part of the project makes them non-compliant with the cost of carbon threshold (£325/tCO₂).

We recognise that grant recipients may have spent the money in good faith, unaware at the time of the spend that the project would only partially complete. However, it is imperative that Salix Finance correctly account for all expenditure, manage the fraud risks and ensure the decisions taken to spend money are in line with the objectives of the PSDS.

To achieve this the grant recipient must be able to provide evidence to satisfy the following statements:

- Was the spend committed to in good faith by the grant recipient, in the expectation at the time, that their project would deliver in line with the grant requirements?
 - Evidenced through project plan at the time of the spend, and/or
 - Contract with supplier showing that spend aligned with the project plan at the time and grant requirements.
- Did the decision to commit to the spend take reasonable account of the risks and issues that could affect completion in line with the grant requirements?
 - Project risk register at the time showing that, after planned mitigating actions were considered, the risks were manageable.
- Was the spend by the grant recipient in line with grant rules?
 - Evidenced through contractor invoices and proof of payment by the grant recipient.

Key principles

The grant can only be used for project activities completing on or before the grant end date and the invoices submitted by contractors are dated within this grant period. For invoices dated after the grant end date, the description needs to explicitly state the works completed before the grant end date.

Required documents to request final payment for works up to the grant end date

1. Final Monthly Monitoring Report (MMR) confirming practical completion date and status of the project as 'Completed on Site'.
2. Evidence to support the closure of all outstanding conditions from the Grant Offer Letter (GOL) or Grant Amendment Letter (GAL).
3. Revised support tool, where necessary, if project costs (whether funded by Salix or client) or minor scope changes have occurred to finalise the expected carbon savings on completion, and final grant value
4. Invoices*
5. Year-end Statement of expenditure (SoE) - Costs should itemise the value and proportion of the retention costs against the total project value, including any costs associated with commissioning which will take place after the grant end date.
6. Schedule 5 Payment request.
7. Photographic evidence of installation and completion of key measures (sufficient photographs of the installed kit).
8. Practical completion certificates where appropriate.
9. Any additional supporting evidence of the works completion (eg. boiler decommissioning certificates, warranty certificates)

***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 over a period within the grant end date.**

For Multi-year projects, invoices each year must be dated on or before 31st March or, if dated after, clearly specify in the itemised breakdown on the invoice itself that the works were completed in line with the allocation outlined in the Grant Offer Letter.

Once the above steps have been completed and Salix Finance have carried out the necessary steps to review and make the final payment, you will receive remittance advice from Salix Finance along with the Post Completion Letter. This letter details the process for annual carbon reporting of your project. For more information on this process, please check the Salix website or contact your relationship manager.

