

## Public Sector Decarbonisation Scheme – Standard Completion Guidance

### Purpose and outcomes

The standard completion guidance is to be used when Public Sector Decarbonisation Scheme (PSDS) projects complete and are commissioned in line with the agreed scope of works by the grant end date.

Please note: Separate guidance is available for the following:

- Partial Completion Process – where grant recipients are unable to complete their project to the agreed scope by the grant end date<sup>1</sup>.
- 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 grant recipients during project completion and to enable Salix to make the final payment. All PSDS projects following this Standard Completion Guidance are to be completed by the grant end date and final payment documents and evidence of need (i.e., invoices) submitted to Salix Finance 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.
- 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

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

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.

### Required documents for completion

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.
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 31 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.**

We have suggestions for how the completion process can be undertaken in three steps.

1. Preparing for completion – steps that can be taken prior to the grant end date
  - Resolve outstanding conditions.
  - Identifying any retention and, if so, the value and payment date.
  - Provide most recent MMR with updated forecast by 15 March 2023.
  - Provide End of Year Statement of Expenditure to evidence any accruals by 15 March 2023.
  - Collecting final invoices for your project and preparing contractors to promptly invoice after completion of final PSDS funded works.
2. Initiating the completion process
  - Submit the final MMR, confirming project status as completed, by 15<sup>th</sup> March 2023.
  - Submit revised support tool if there have been changes to costs or savings.
  - Practical completion certificate.
  - Photographic evidence of completed works.

3. Final payment submission – by 20 April 2023

- a. Invoices
- b. Statement of expenditure
- c. Schedule 5 payment request

**Final Project Closure**

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.

