



Your partner for
a low carbon future

Phase 3c PSDS

**An introduction to the scheme and
overview of grant recipient
responsibilities**

March-April 2024

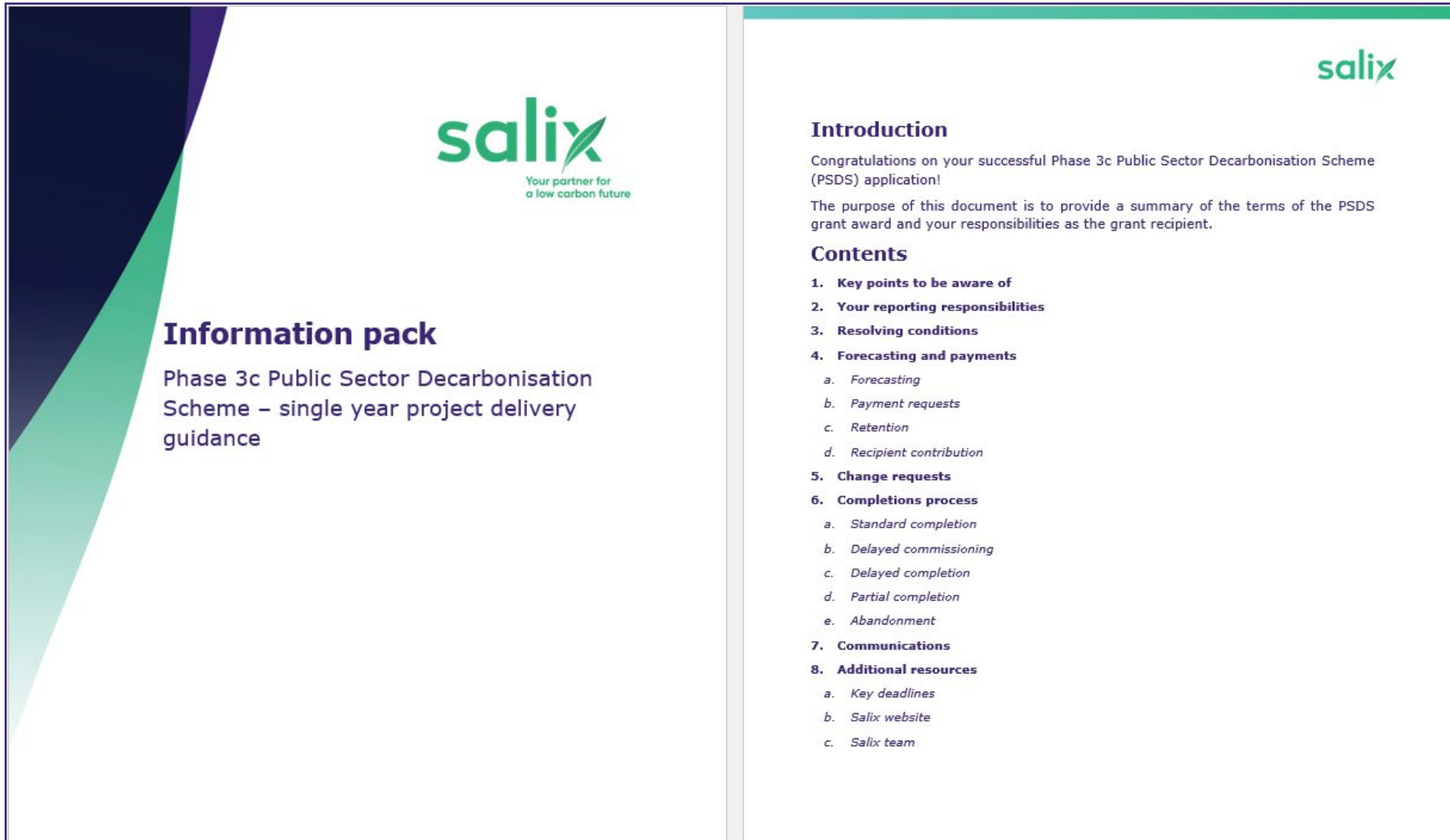


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Your information pack contains a summary of the key project delivery process and your responsibilities as a grant recipient.



Your Salix relationship manager

- Your relationship manager (RM) is your first point of contact – you can find their details on page two of your Grant Offer Letter.
- Your RM will be in touch with a welcome pack and to set up monthly meetings.
 - Update on project status
 - Supporting you with PSDS responsibilities
- Consultants welcome – but the public sector body must be present.



What is the PSDS Phase 3c monthly monitoring report (MMR)?

- An Excel report tailored to each PSDS project, mainly to:
 - Provide us with an overview of the project status, including any risks and issues
 - Confirm your forecast for next month's payment request, update forecast as needed
 - Tracks PSDS responsibilities (conditions, expected scope change requests...)
- Due 15th of each month (or the closest working day prior if 15th falls on a weekend), covering progress made in the previous month.
- MMRs will be required until the project is fully complete.
- Projects with no spend in year 1 (financial year 24/25) will only be required to report quarterly the first year, starting June 14.

What is the monthly monitoring report used for?

- Helps us understand how projects are progressing, including whether individual projects require support, and wider progress across the scheme to measure the success of Phase 3c PSDS and report back to DESNZ.
- The forecast tab data is key to how much Salix draws down from DESNZ each month and therefore how much we can pay out.
- Information on progress with your specific conditions, scope change requests and expected completion dates assists our in-house technical team in understanding future workloads.

Forecasting

- The forecast tab of your MMR maps when you will submit payment requests.
- The MMR deadline (15th of each month) 'locks in' the forecast for a corresponding payment request to be submitted 5-6 weeks later.
- Corresponding payment requests should match the forecast. Inaccurate forecasting may impact our ability to pay.
- Actual payments should be updated accurately on the forecast table.
- Forecast your cashflow as best suits you.
- Your grant funding **cannot be increased or moved between years.**

Demonstration

- A quick run through of the monthly monitoring report template, with focus on the forecast tab



Phase 3c PSDS monthly cycle – worked example of payment periods overlap

| | FY 24/25 Period 6 | FY 24/25 Period 7 | FY 24/25 Period 8 |
|-------------------------------------|----------------------|----------------------|----------------------|
| Forecast vs Claimed vs Actual: | Forecasted | Forecast | Forecast |
| Last day to forecast to Salix: | 15/07/2024 | 15/08/2024 | 13/09/2024 |
| Last day to submit payment request: | 22/08/2024 | 23/09/2024 | 23/10/2024 |
| To receive payment from Salix on: | 18/09/2024 | 16/10/2024 | 20/11/2024 |
| Project approval | | | |
| Pre-design stage | | | |
| Designs complete | 100,000.00 | | |
| Out to tender | | 50,000.00 | |
| Tenders complete | | | |
| Orders placed | | | |
| Works in progress on site | | | |
| Completed on site | | | |
| Final commissioning | | | |
| Total | £100,000.00 | £50,000.00 | £0.00 |

- 1) 15/08/2024 - You are filling out your August MMR. Invoices you are sure you will have by 23/09/2024 will determine your period 7 forecast. In this example the forecasted claim is £50k.
- 2) 22/08/2024 – The payment request that was forecasted in the July MMR is due (£100k invoices, statement of expenditure and Schedule 5 payment request form).
- 3) 13/09/2024 - You are filling out the September MMR. Invoices you are sure you will have by 23/10/2024 will determine your period 8 forecast. If you didn't claim the £100k expected in August, update the Period 6 column with the actual amount claimed.
- 4) 18/09/2024 - The period 6 payment request (submitted in step 2) would be paid out to you.
- 5) 23/09/2024 - The payment request forecasted in the August MMR (step 1) is due (£50k invoices, statement of expenditure and Schedule 5 payment request form).



The payment process overview

- Payment requests are typically submitted 5-6 weeks after the forecast submission.
- Claims which aren't forecasted cannot be paid.
- Payment of grant funding will be on an evidence of need basis.
- You can find the key dates under each period of the forecast table. We cannot accept payment requests submitted after the deadline.

| | |
|--------------------------------------------|-------------------|
| Last day to forecast to Salix: | 15/04/2024 |
| Last day to submit payment request: | 22/05/2024 |
| To receive payment from Salix on: | 19/06/2024 |



Payment request documents

For each payment request we will need:

- Schedule 5 payment request form – signed PDF.
- Statement of expenditure – **both** Excel & signed PDF.
- Invoices listed on the statement of expenditure. The description must contain:
 - Reference to PSDS & submission ID (*e.g. PSDS Phase 3c 55000*)
 - Site of works
 - Exact works & capital costs itemised
- Breakdown of works - where the description on the invoice does not explicitly state the works being invoiced for, supporting evidence can be provided. Guidance [here](#).

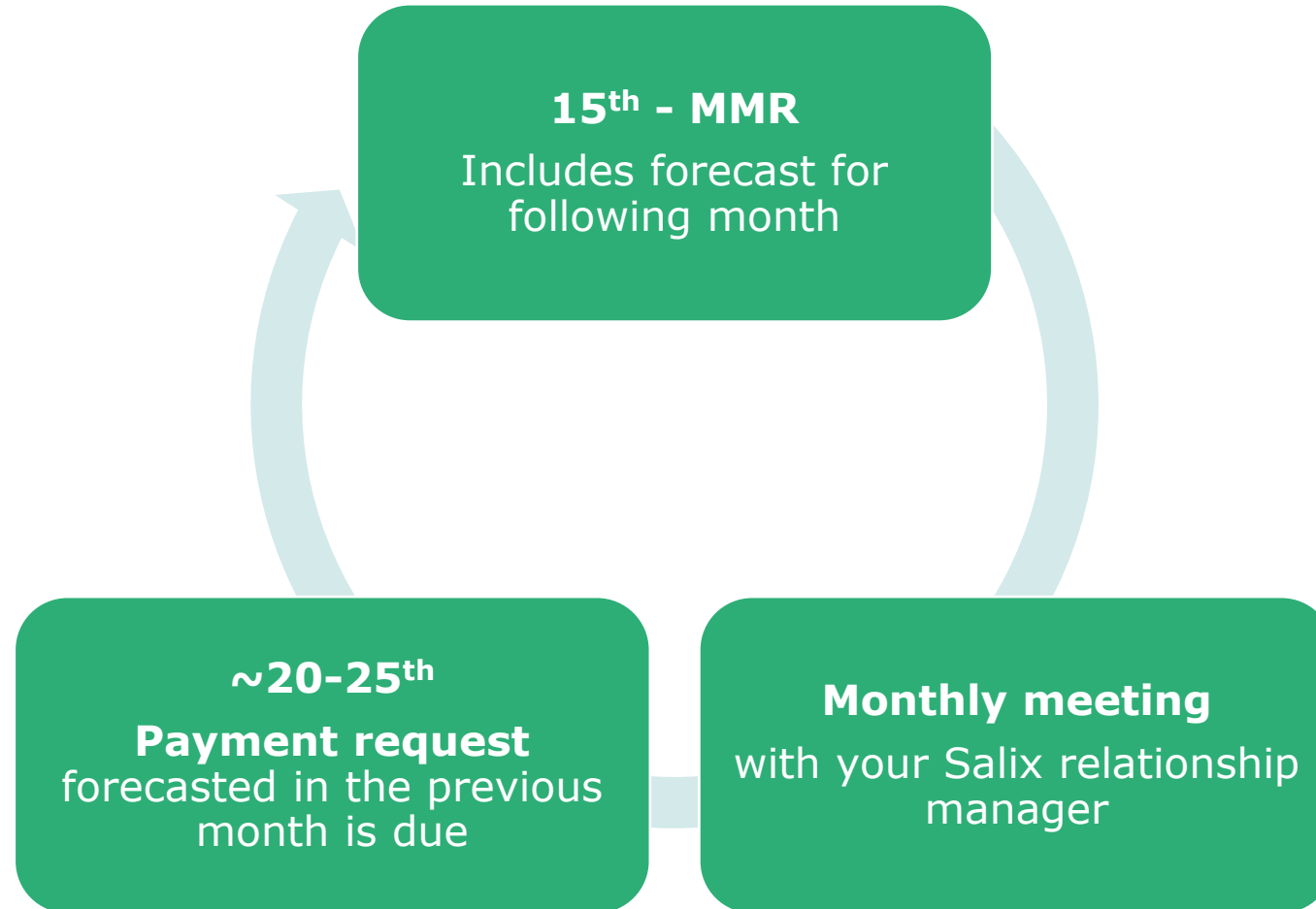
Demonstration

An overview of the payment process, including:

- The statement of expenditure template
- Examples of invoices or breakdown of works with the required level of detail
- The Schedule 5 payment request template



Phase 3c PSDS monthly cycle



Conditions

- Resolving conditions is important for us to verify that your project remains eligible for the full grant funding awarded.
- Your Grant Offer Letter and MMR list all the specific conditions for your project and the project milestone / date where these are expected to be resolved.

| Associated milestone | Deadline for single year projects | Deadline for multi-year projects |
|---------------------------|-----------------------------------|----------------------------------|
| Project approval | 3 June 2024 | 3 June 2024 |
| Detailed designs complete | 1 October 2024 | 1 April 2025 |
| Orders placed | 2 December 2024 | 2 June 2025 |
| Final commissioning | 3 February 2025 | 2 February 2026 |

Change requests

- **Any significant changes must be submitted as a change request.**
- **Until the change is approved by Salix, any costs incurred will be at your public sector body's risk.**
- Changes are normal, however your project must go through the formal change request process to confirm you are still eligible for your full grant award.
- A change request approval may have conditions attached – these will be detailed in a Grant Amendment Letter.
- If in doubt, speak to your relationship manager.
- Further guidance, webinars and key dates will be announced.

Minimum contribution

- Your **minimum** contribution is either 12% of total project costs, **or** the like-for-like costs (a quote for new fossil fuel heating equipment), whichever is highest.
- The minimum contribution is tied to actual project costs:
 - The amount equivalent to 12% of total project costs may change depending on the final project costs.
 - If your total contribution is no more than the minimum and project costs go down, the grant value would reduce to maintain PSDS compliancy.
 - The grant value is capped by the carbon cost threshold (CCT) of £325 per tCO₂e, therefore the public sector body may have to contribute more than the minimum.

Minimum contribution – where to find it

- Your minimum contribution can be checked on your approved application form, using figures in 'Step 4: Support Tool':
 - 'Total Project Costs' – '12% Compliant Marginal Project Value' = your minimum contribution

| Replacement Status | Carbon Cost Threshold £/tn CO ₂ e LT | Minimum Client Contribution as a Proportion of Total Project Costs | Maximum Eligible Proportion of Grant Value for Energy Efficiency Measures |
|--------------------|-------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------------|
| | £325 | 12% | 58% |

| Marginal Project Value | Marginal Project Value | Like for Like Replacement Costs as a Proportion of Total Project Cost | 12 % Compliant Marginal Project Value |
|------------------------|------------------------|-----------------------------------------------------------------------|---------------------------------------|
| £544,297 | £544,297 | 15% | £544,297 |

| Total Grant Requested | Eligible Grant Value | Carbon Cost Threshold Compliant Grant Value | Total Net Financial Impact | Total Project Cost | Payback in Years |
|-----------------------|----------------------|---------------------------------------------|----------------------------|--------------------|------------------|
| £544,297.00 | £544,297 | £544,297 | £4,240 | £643,091 | 128 |

| Technology Type | Current Grant Value Split | Grant Value Split % | Adjusted Grant Value Split if Energy Efficiency > 58% | Final Grant Split % |
|--------------------|---------------------------|---------------------|-------------------------------------------------------|---------------------|
| Energy Efficiency | £53,500 | 10% | £53,500 | 10% |
| Low Carbon Heating | £490,797 | 90% | £490,797 | 90% |

Application form – keep it updated

- PSDS compliancy and eligible grant value are tied to the actual project, not the initial proposal.
- The application form checks for this, so:
 - Consider it a 'live project form'
 - Keep a record of the latest version approved by Salix
 - Keep all sites, technologies and costs updated (Tabs *Step 3.1*, *Step 3.2*, *Step 3.3* & *Step 4*)



- A **final updated application form** is required for Salix assessment before your final payment can be made, to verify your final eligible grant value.

Key actions to take away

- Please read the information pack and familiarise yourself with the processes, templates and key dates - let your relationship manager know if you have any questions.
- Add a reminder to your calendar that MMRs are due by the 15th of each month. Your first report is due by the 15th April.
- Review your conditions of funding to be resolved and their due dates. Please also make your consultant / contractor aware of these.
- Review our invoicing requirements and set up a call with your consultant and contractors to make them aware – [guidance here](#).

Further resources

- Phase 3c PSDS page of the [Salix website](#). This includes links to specific pages covering the below key topics:
 - Monitoring reports
 - Conditions of funding
 - Project delivery guidance
 - Change requests
 - Completing your project
- Payments and forecasting [webpage](#)
 - This includes downloads for guidance on topics including breakdown of works, DNO costs, retention costs and vesting certificates.

Phase 3c PSDS in-person events

- An opportunity to meet Salix in person and hear from experienced PSDS grant recipients about lessons they have learned.
- Free to attend, events start at 10am and finish by 4pm.
- Invites to be sent out early April.
 - 13 May 2024 - University of Reading
 - 23 May 2024 – Manchester Metropolitan University



Q&A



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Thank you

Email: info@salixfinance.co.uk

Your Salix relationship manager is your best point of contact – they will be on hand to support with any queries you may have throughout the delivery of your PSDS project.

We look forward to working with you to achieve our shared decarbonisation goals!



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