

# WALES FUNDING PROGRAMME

---

## Guidance Notes

July 2025



# **Wales Funding Programme**

## **Guidance Notes**

### **Table of Contents**

1	Wales Funding Programme (WFP) .....	3
	1.1 Introduction .....	3
2	Application eligibility.....	3
	2.1 Who can apply?.....	3
	2.2 What technologies are eligible? .....	4
	2.3 Eligible buildings .....	4
	2.4 Eligible costs.....	4
	2.5 Compliancy criteria .....	5
3	Additionality criteria.....	5
4	Responsibilities and competence .....	5
5	The application process .....	6
	5.1 Submitting an application .....	6
	Supporting information required from applicants .....	6
	5.2 Authorisation and governance .....	7
	5.3 Assessment process.....	7
6	Successful applicants.....	8
	6.1 Reporting requirements .....	8
	6.2 Project changes.....	8
7	Drawdown and repayment of the loan .....	8
	7.1 Loan interest rate and details.....	8
	7.2 Drawing down the loan.....	9
	7.3 Repaying the loan .....	9
8	Support and advice .....	9
	Appendix A.....	10

## 1 Wales Funding Programme (WFP)

### 1.1 Introduction

The Wales Funding Programme provides loan funding for energy efficiency and decarbonisation projects for public sector bodies registered in Wales. Funding for the scheme has been provided by Welsh Government to help the public sector meet its ambition to be net zero by 2030, and the national target set by the UK government to achieve net zero greenhouse gas emissions across the UK by 2050.

A fixed interest rate at the current government borrowing rate of 2.15% will be applied to the loan. The interest rate will not change and is fixed for the entire loan term upon completion of the loan agreement. The loan will be paid to the recipient upfront or based on the cashflow needs of the recipient's organisation.

Applicants for the Wales Funding Programme will have a two-calendar year window in which to deliver their projects, beginning from the project start date stipulated in the loan agreement.

## 2 Application eligibility

### Application size and scope

The minimum application value is £5,000. There is no maximum application size.

Multiple measures and buildings can be included in one application provided that the application meets the compliancy requirements.

### Completion timescales

Projects should complete within two calendar years from the project start date stipulated in the loan agreement.

### 2.1 Who can apply?

The Wales Funding Programme is available to public sector bodies registered in Wales as defined in the Public Contracts Regulations Act 2015. Those that apply are referred to in this document as 'the applicant'.

These organisations include, but are not limited to local authorities, universities, colleges, schools, devolved government administrations. For questions surrounding organisation eligibility, [contact the team](#).

For health boards or organisations without borrowing powers, applications will be funded through the Invest to Save scheme (I2S), which is delivered by Salix Finance, but funds are administered directly by Welsh Government. These organisations will follow the same application and technical assessment process.

## 2.2 What technologies are eligible?

The primary focus of the loan is to support energy efficiency and decarbonisation measures within the public sector. Below is a non-exhaustive list of eligible technologies:

- Low carbon heating – such as heat pumps, connections to existing district heating, electric heating, solar thermal.
- Building energy management systems (BEMS).
- Cooling – such as control system, plant replacement, chillers, free cooling, evaporative cooling.
- Energy from waste – such as anaerobic digestion, incineration.
- Heating – such as heat recovery, controls, pipework improvements, control valves, steam trap replacements.
- Hot water – such as flow restrictors, distribution improvements, efficient taps.
- Insulation – such as cavity wall insulation, double glazing, loft, floor, and roof insulation.
- LED lighting – such as new fittings, controls, centralised control systems.
- Motor controls and replacement – such as fixed speed, flat belt drives, variable speed drives.
- Renewable energy – such as small hydropower, solar PV, wind turbines.
- Ventilation – such as air handling units, ultrasonic humidifiers, ventilation distribution and presence controls.

See the Wales Funding Programme application form for a full list of eligible technologies.

## 2.3 Eligible buildings

Only existing non-domestic buildings owned by eligible Welsh public sector bodies can be included in the application. Buildings on long-term leases with at least 10 years remaining can be included. Applicants that have a long-term lease arrangement for a building from another public sector body (e.g. local government) in which the lease contract allows the cost savings through improved energy efficiency to be passed to the eligible public body are eligible to apply.

Buildings under PPI/PFI contracts are only eligible if the energy efficiency savings are passed to the eligible public sector body applying for the loan. Applicants must be able to evidence that this has been clearly negotiated with the partners to the agreement and has been agreed with Salix prior to submission of the application.

Salix acknowledges that many buildings owned by public sector bodies include listed buildings. Applications must ensure that listed building requirements are met and consider potential adverse effects on the external appearance and performance of the original structures, for instance by causing condensation and damp.

## 2.4 Eligible costs

Applicants can apply for funding to cover costs from detailed design through to completion activities such as commissioning as long as the project remains compliant. Eligible costs include:

- Project identification and design development
- Procurement.
- Purchase of equipment and materials.
- Build, installation, construction, and commissioning.
- Project management.
- Enabling and ancillary works.
- Distribution Network Operator (DNO) fees.

Capital costs incurred prior to the agreement date between Salix and the applicant will not be eligible for funding. [Contact us](#) for any queries on cost eligibility.

## 2.5 Compliance criteria

A carbon cost metric will be used to review the benefits and value for money of the project over its lifetime. This is automatically calculated by the Salix support tool in the application form. The threshold for a project to be considered eligible is a carbon cost of **£350 tCO<sub>2</sub>e** or lower.

Projects must have a technical payback of **10 years** or less. This is the period it would take for the financial savings of the project to pay back on the capital value of the loan (also known as the 'principal').

The carbon cost metric and technical payback are calculated using the technical details provided in the application form and based on the loan value requested. It is recommended that applicant inputs the entire project details onto the application form to identify the overall carbon cost and technical payback. Where projects do not meet the technical compliance criteria, applicants have the option to reduce the loan value requested to meet the compliance requirements.

## 3 Additionality criteria

Projects are required to meet the criteria of being 'additional' meaning:

- The measures concerned are not required to be installed by law (including building or health and safety legislation).
- For measures that go beyond what is required by law, loan funding can be sought for the increased costs.
- The measures are not being installed with a view to commercial gain (other than the reduction of costs through increased energy efficiency).
- The installation of the measures concerned has not begun.
- In Salix's reasonable opinion, the project would not take place without the loan.

## 4 Responsibilities and competence

Salix assumes that the applicant and their partner(s) are competent and fully responsible for the projects to be funded. The public sector applicant must ensure that accountability for the application, project delivery, and governance are held by the authorising official and main contact and that this is not transferred to contractors. It is the public sector applicant's responsibility to ensure they, and their partners, are delivering in line with the loan agreement, including but not limited to:

- Completion of the application form adheres to the requirements set out in the guidance tab and data is not pasted into cells.
- The application is prepared in a site-specific manner, with data inputs and site details reflecting the unique nature of each application; and the application is supported by bespoke option appraisals reflecting the specific characteristics of each site.
- An accurate establishment of costs and how calculated estimated savings were sought.
- Reasonable project sequencing and due care in the selection of capital projects has been taken to ensure no double counting of carbon savings when considering multiple projects on the same site.

- Selection of suitable supplier(s) follows the applicant's procurement procedure and that they assess and mitigate the risk of fraud in the procurement, supply chain, and implementation of projects.
- Available resources and capacity to manage the project delivery and reporting on project progress.
- Provision of all 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).

## 5 The application process

### 5.1 Submitting an application

Only eligible applicants are permitted to submit applications and supporting documents either by submitting their form and supporting documents to [wales@salixfinance.co.uk](mailto:wales@salixfinance.co.uk). External parties can provide support in preparation of the application form and supporting documents but are not permitted to submit on behalf of the eligible body. Should the application be submitted by an external party, Salix reserves the right to reject the application.

Applicants must ensure applications are complete to the best of their knowledge at the time of submission and are encouraged to review the terms and conditions of the scheme prior to submission of their application.

#### Supporting information required from applicants

All applicants, regardless of the project value, are required to submit the following alongside their application:

- **Energy savings calculations** – in an unlocked Excel spreadsheet, the applicant should show a clear methodology of the energy savings calculations. This must show how annual kWh savings were calculated, aligning with the annual kWh figures inputted into the application form. For example, for the following technologies, the energy savings calculations may include the following elements:
  - LEDs: the quantity of fittings per fitting type, the wattage per fitting type, operational hours, annual kWh of the current existing fittings and the proposed fittings. Please note that the Salix loan value cannot be used to fund emergency LED lighting.
  - Solar PV: solar reports containing the annual kWh generation, kWp of panels, and % export figure. Please note, exporting electricity for commercial gain is not allowed. Only minimal export, where a small proportion of the generated electricity is sent to the grid, is permitted. Due to seasonal occupancy, schools exporting larger amounts of electricity will be assessed on a case-by-case basis.
  - BMS: half hourly data, accompanied by a brief but clear written document of the methodology used to work out the annual % savings.
- **Cost evidence** – evidence of a third-party contractor quote or evidence of firm pricing, to support the cost breakdown on the top right of the business case.
- **Data sheets** – product specifications from the chosen manufacturer of the selected technologies included in the application form.

Additional supporting information required to be submitted by applicants with projects valued over £50,000:

- **Cost breakdown** – a breakdown of all equipment, installation, O&M and any other project costs contributing to the total project costs and the total Salix loan value being requested. This is separate from the cost breakdown included in the business case.

- **Project programme** – a Gantt chart or other equivalent layout, displaying the key milestones, start and completion dates, and the amount of time that will be taken to complete each milestone.
- **Project governance** – an organogram of the key internal/external staff supporting the project and their key roles and experience of delivering other similar projects.
- **Energy and carbon monitoring plan** – a monitoring plan for assessing the energy/carbon savings made by the project.

### Performance management plan

For projects of any value requesting funding for all new electricity generating stations, including rooftop solar panels, must submit a performance management plan. Alongside this, if applying for metering or monitoring measures, the applicant should fill out the Metering, Monitoring and Management Technologies table within the application form. This can include funding for meters, sub-meters, communication devices, and energy and monitoring management platforms.

A performance management plan for an electricity generating station must describe how an applicant will manage the generating station over its operational lifetime to ensure it performs to expectation. It must also state the frequency of performance monitoring. The performance management plan must detail how an applicant will calculate the generating station's annual availability percentage for Public Sector Net Zero Reporting. Please see **Appendix A** for further information.

## 5.2 Authorisation and governance

Applicants must nominate a main contact, finance contact and authorising official responsible for overseeing the project at the organisation and ensuring its successful completion. The authorising official will be required to provide written confirmation of their approval at application submission. It is important that when submitting your application you provide signed copies of the Authorising Official and Counter fraud declaration forms.

### Main contact

An individual responsible from the public sector applicant for overseeing the project and fulfilling duties such as completing quarterly monitoring reports, sharing payment evidence, and ensuring Salix is kept up to date during project delivery.

### Finance contact

The individual within the finance department of the public sector applicant responsible for the oversight of the funding, the loan amortisation schedule, and ensuring the loan repayments are made.

### Authorising official

An individual from an eligible organisation in a position of authority to approve and sign official and legal documentation associated with the project. This may be a chief executive or financial officer, or another senior official. This individual should be identified and agreed upon before application and should be part of the project governance structure.

## 5.3 Assessment process

Applications will undergo initial delivery-based quality checks for eligibility and completeness before being progressed to technical assessment. The technical review will be conducted by the Salix Energy and Carbon Technical team and an external technical assessor who will provide added independent assurance that the project is deliverable, and the expected savings are reasonably achievable. Salix's Energy and Carbon technical team and



contractors aim to complete assessments within three weeks. Applicants should endeavour to respond to any clarification during the assessment process within three working days.

All loans will be issued with conditions to ensure projects meet the funding purpose and criteria. These will be listed in the loan agreement, each with a resolution date that loan recipients are required to meet.

## **6 Successful applicants**

Salix aims to facilitate the successful delivery of all approved projects through practical support and guidance based on the knowledge acquired from previous projects and from working with a wide range of agencies. All loan recipients will have a dedicated Salix relationship manager to assist with queries and support the project.

### **6.1 Reporting requirements**

Loan recipients are required to maintain regular contact with Salix throughout project delivery. This will include scheduled meetings and a quarterly monitoring report with updates to risk registers, project programmes, and project governance shared with the assigned Salix relationship manager.

The report should cover key work that took place within that period, focus for the next period, dates by which key milestones will be achieved, expected changes to the project programme, cost and/or scope, risks, and mitigation measures. The reporting template and timeline will be shared by Salix once the loan agreement has been signed.

Monitoring reports should be submitted by applicants to their assigned Salix relationship manager each fiscal quarter covering activities for the previous fiscal quarter. Reporting dates will be shared by Salix once the loan agreement has been signed. Organisations applying for funding through Invest to Save scheme are not required to submit a quarterly monitoring report to Salix Finance but report directly to Welsh Government.

By mutual agreement, the applicant and associated sites may be visited by a government body such as Salix Finance or the Welsh Government Energy Service at any point during project delivery.

### **6.2 Project changes**

During project design and delivery, should a successful loan recipient want or need to make changes to the project, loan recipients must inform Salix at the earliest opportunity to ensure continued compliance to the scheme criteria. A change request procedure shall be followed requiring the submission of an updated application form and supporting documents to ensure the Wales Funding Programme criteria continue to be met.

## **7 Drawdown and repayment of the loan**

### **7.1 Loan interest rate and details**

In April 2024, a fixed interest rate on the loan based on the government borrowing rate was introduced. The interest rate is determined by the rate set by Welsh Government for the financial year of application. The rate will be fixed for the duration of the loan term. The loan is unsecured.



## 7.2 Drawing down the loan

Loan recipients can draw down the loan either as one payment, or in interim payments. A maximum of one interim payment is permitted per financial year of project delivery.

The values and the timing of the drawdowns should align with the forecast project programme and expenditure. Salix will confirm the drawdown dates and breakdown with applicants during a deliverability call prior to the signing of the loan agreement.

## 7.3 Repaying the loan

Interest will begin accruing from the loan drawdown date. The repayment schedule will be set out in the loan amortisation schedule of the loan agreement, this will be based on the amortisation schedule submitted by applicants and accepted by Salix at application stage.

Interest will accrue from the first drawdown date, on the value drawn down. If the loan is being drawn down through interims over several financial years, the interest will only apply on the total loan value drawn down until another drawdown date is met. The first interest payment will be due in the same financial year as the first drawdown date and is calculated based on the number of months the loan has been held. Interest will be collected annually thereafter.

Repayments on the capital (the 'principal') will begin after the project has completed and will be collected annually. The completion date and subsequent repayments on the capital will be set out in the loan amortisation schedule.

## 8 Support and advice

Refer to the Salix website for the most up to date information regarding key dates and how to apply. Salix has a team of energy, carbon, and technical professionals that have specialised knowledge of different areas of the public sector. For any enquiries, contact us at [wales@salixfinance.co.uk](mailto:wales@salixfinance.co.uk).

The [Welsh Government Energy Service](#) offers technical, commercial and procurement advice and support for public sector organisations in Wales in progressing their energy and carbon reduction projects.

## Appendix A

The performance management plan should include tasks such as:

- Monitor, record and validate key performance data, including half-hourly generation data recorded at a generation meter compliant with Schedule 4 Office for Product Safety Standards
- Maintain and operate plan to meet warranty and insurance cover standards
- Ensure operation, maintenance and monitoring contractors meet or surpass their terms of service
- Maintain and operate plant to comply with all contracts and permits, including safety testing
- Manage electricity supply and purchase contracts
- Evidence insurance claims
- Keep an operational diary

Additionally, to qualify for loan funding for a new electricity generating station, applicants must install half-hourly electricity generation meter/s with the capabilities described below, along with communication media necessary to transmit metered data.

- Electricity meter/s that measure, record, store and transmit half-hourly data to a Data Collector/Energy Management System and complies with Schedule 4 Office for Product Safety and Standards.
- The applicant must be able to access the collected data via an Application Programming Interface (API), or the data must be available to download from an online platform at Generation Day +1.

Applicants may apply for the costs of half-hourly metering and communications devices, and other devices which enable the performance management of new electricity generating stations, or the integration of meter data into existing energy management systems.

If funding is requested for a solar supplier proprietary generation performance monitoring system, it should have the following capabilities as a minimum:

- The ability to send push notifications via SMS, or email, to an owner's generic email address.
- Live remote monitoring of generation and of faults impacting production, via a mobile or desktop application
- The ability for the Owner to record, store, and download the history of faults impacting production.

All energy systems require a Performance Manager (someone in the owner organisation, who has day-to-day responsibility for the system's performance).