

Scotland's Public Sector Energy Efficiency Loans Scheme

Guidance Notes

December 2025



Introduction	3
About the scheme	3
How to apply	8
Project governance	11
Assessment	12
Award	13
Completion and loan repayment	15
Appendix A: Performance Management Plan	17

Introduction

The Heat in Buildings Strategy sets out the Scottish Government's vision for the future of heat in buildings and the actions that must be taken in the buildings sector to deliver on climate change commitments, maximise economic opportunities, and ensure a just transition, including helping address fuel poverty.

Scotland's public sector buildings account for around 2.5% of the country's greenhouse gas emissions. It is Scottish Government's intention to support the public sector to demonstrate its commitment to transforming Scotland's buildings, by taking early and sustained action to decarbonise the public sector estate and improve the energy performance of all public buildings.

The Scottish Energy Efficiency Loan Scheme (SEELS) offers zero interest loans to the public sector to facilitate energy efficiency improvement projects that result in financial and carbon savings and contribute towards achieving their net-zero aspirations.

About the scheme

Summary of scheme criteria

This section sets out which projects would be eligible to apply for funding.

If you are unsure of your project's eligibility or have any questions, please contact the Scotland team at scotland@salixfinance.co.uk.

Factor	Criteria
Application size and scope	Multiple measures can be included in one application. Minimum application value £5,000, and any single measure within the application minimum value £500.
Completion timescales	End of financial year in which the award is made.
Eligible applicants	Any public sector body subject to the Public Bodies Duties in the Climate Change (Scotland) Act 2009.
Application window	Rolling applications year round, subject to funding availability.
Eligible technologies	Wide range of energy efficiency and decarbonisation measures, further detail can be found below.
Carbon Cost Threshold	Projects must have a carbon cost of £305 per tonne of CO ₂ e or lower.

Energy saving beneficiary	Energy saving benefits must go directly to the public sector applicant.
Eligible costs	The loan can fund 100% of eligible, compliant project costs.
Loan repayment	The repayment of the loan is up to a maximum of twelve years.
Additionality	Projects are required to meet the criteria of “additional.”

Minimum application size and scope

Multiple measures and buildings can be included in one application provided that the application meets the compliancy requirements. There is a minimum value for any single measure of £500, and a total minimum application and loan value of £5,000. There is no maximum loan value.

Completion timescales

All projects are expected to complete by the end of the financial year (March 31st) in which they were awarded. Therefore, we ask applicants to state in which financial year they require the funding in the application. If your application is requesting funding over multiple financial years, these will be assessed on a case by case basis, please contact the Scotland team at scotland@salixfinance.co.uk directly to discuss these cases.

Eligible applicants

Eligible organisations are any public sector body which are subject to the Public Bodies Duties in the Climate Change (Scotland) Act 2009. This includes local authorities, universities, and local authority arm's length organisations (ALEOs). Any eligible organisation may apply.

Only eligible applicants are permitted to submit applications and supporting documents.

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, we reserve the right to reject the application.

Application window

The scheme is open for applications all year round subject to funding being made available from the Scottish Government. Applicants are advised to apply as soon as

possible, as funding will be assigned to approved applications on a first come first served basis until all loan funding has been allocated.

Eligible technologies

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:

- Clean 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.
- Battery storage - eligible through the fund as part of a Solar PV installation, ineligible on its own¹.
- Ventilation – such as air handling units, ultrasonic humidifiers, ventilation distribution and presence controls.

See the SEELS application form, which can be found on our [website](#), for a full list of eligible technologies.

Carbon cost threshold

A carbon cost metric is used to review the benefits and value for money of proposed measures and the project over their lifetime. This is automatically calculated by the project compliance tool in the Salix application form. To be

¹ Battery storage alone will not be eligible as there is no energy savings attributed to battery storage. When including battery storage in an application, add these costs to the cost of the PV measures and indicate their addition in the 'description of work'.

considered eligible a project must have a carbon cost of £305 per tonne of CO₂e or lower. Where the cost is greater than £305 per tonne, applications may still be considered on a case-by-case basis.

Energy saving beneficiary

Only those projects where the resultant energy savings go directly back to the public sector organisation and where the organisation gains a direct financial benefit are eligible.

An example of an ineligible project would be an outsourced estate management contract in which the outsourced supplier paid the energy bills and benefited from any savings achieved from the project. To be eligible, confirmation needs to be given that the energy bills were paid by the public sector organisation applying for the scheme and that they will subsequently benefit from any savings both carbon and financial.

Eligible costs

The available funding allows us to offer 100% of the total compliant project value and eligible costs.

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

Eligible costs include:

- Procurement of equipment and materials.
- Enabling and ancillary works.
- Project management.
- Build, installation, construction, and commissioning.

Capital costs incurred prior to the agreement date between Salix and the applicant will not be eligible for funding. Please contact us for any queries on cost eligibility.

Smart export guarantees:

For solar PV installations, in the case where clients wish to oversize their PV installations to benefit from additional exporting revenue with the Smart Export Guarantee (SEG), we can only provide finance for the proportion of the installation that covers the site electricity consumption, and the applicant must then finance the revenue-making proportion of the installation.

Loan repayment

The project must pay for itself from the energy savings within a maximum twelve-year period. This is the period it would take for the financial savings of the project to pay back on the capital value of the loan.

Additionality

Projects are required to meet the criteria of “additional.” There are a number of criteria that are used to assess whether a project is “additional,” including:

- Has it already started or has the full funding already been agreed on from a different source? If so, it is “not additional.”
- Is it required by building regulations or planning officers (e.g. requirement for a percentage of electricity demand in new buildings to be met by onsite renewables)? If so, it is “not additional.”
- Is the project being implemented for commercial gain (other than the reduction of costs through increased energy efficiency)? If so, it is “not additional.”

If the answer to all the above questions is no, then the project can be funded under the scheme. Salix looks to self-certification for additionality, although it will be confirmed if an audit is undertaken of the project.

How to apply

Documentation

Projects <£100,000	Projects >£100,000
Application: Project compliance tool	Application: Project compliance tool & business case
<u>Supporting documents:</u> <ul style="list-style-type: none"> • Energy savings calculations • Cost evidence • Data sheets • Performance management plan (for electricity generation projects only) 	<u>Supporting documents:</u> <ul style="list-style-type: none"> • Energy savings calculations • Cost evidence • Data sheets • Performance management plan (for electricity generation projects only) • Cost breakdown • Project programme • Project governance • Energy & carbon monitoring plan
Applications for funding for electricity generating stations, including rooftop solar panels (of any value): Performance management plan.	
Applications for funding for metering and monitoring measures: Metering, monitoring and management technologies table within the application form.	

Application form

The application form can be found on the [Salix website](#).

The application form is split into two parts: the project compliance tool and the business case.

All applicants are required to submit the project compliance tool, while only those with projects of over £100,000 in value are required to complete a business case.

All requested data must be completed. Incomplete forms will likely result in the application failing assessment.

Once the project compliance tool is complete, it will test that each project will pay for itself over the lifetime of the project and that the project payback is shorter than the expected future life of the building. The final column indicates whether the project meets the overall compliance criteria.

An application form can contain multiple measures being installed within one building. This allows the combining and sequencing of technologies that complement each other (such as heating and insulation).

For organisations wanting to fund works across multiple buildings, a separate application form will be required for each building.

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

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:
 - **LED lighting:** 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.
 - **Battery storage:** applicants should submit a manufacturer data sheet to confirm the size, make and model of the battery. In addition, applicants must confirm with us the number of units and total kW being installed.

Alongside this, evidence of the onsite electricity consumption and generation, any efficiency metrics available and cycle life (i.e. data on the battery's lifespan including the number of charge-discharge cycles it undergoes before performance starts to degrade).

- **Building Management Systems:** 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 £100,000:

- **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

Projects of any value requesting funding for all new electricity generating stations, including rooftop solar panels, must submit a performance management plan. 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 generation output to be recorded in 'part 3' of their Annual Public Bodies Climate Change Duties Report (PBCCD).

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.

Please see **Appendix A** for further information.

Project governance

At Salix, we aim 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.

Relationship manager

All loan recipients will have a dedicated Salix relationship manager to assist with queries and support the project. Following a successful application, the loan recipient's relationship manager will arrange a call to discuss the project plan.

Loan recipients are required to maintain regular contact with their assigned relationship manager, with monthly meetings throughout the delivery of the project. Through these, loan recipients must keep their relationship manager informed of updates to the project programme, cost and/or scope, any project risks, and subsequent mitigation measures.

Authorisation and governance

Applicants must nominate a main contact and authorising official responsible for overseeing the project at the organisation and ensuring its successful completion.

Main contact

An individual responsible from the public sector applicant for overseeing the project and fulfilling duties such as sharing payment evidence and ensuring we are kept up to date during project delivery through regular meetings with your assigned relationship manager.

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.

Responsibilities and competencies

We assume that the applicant and/or the partner(s) they are working with are competent and fully responsible for the projects to be funded. This may include but is by no means limited to:

- Project identification and development.
- Establishment of firm costs and calculated estimated savings.
- Reasonable project sequencing and due care to ensure no double counting of savings when considering multiple projects on the same site.
- Selection of suitable supplier(s) following your individual procurement procedure.
- Project delivery including project management.
- Post project completion activities including any verification of savings.

You are responsible for ensuring that all contractors involved in the provision of services in relation to the proposed project(s) hold and maintain appropriate professional indemnity insurance cover to cover all the services to be carried out and that you obtain copies of the relevant certificates.

You must also ensure that all professional consultants and/or contractors provide you with invoices, receipted invoices and completion certificates (where appropriate) in relation to the services carried out on the project(s), as you may be required for audit of the project(s).

Assessment

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 our Salix Energy and Carbon Technical team who will provide added independent assurance that the project is deliverable, and the expected savings are reasonably achievable. Our 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.

Following assessment, applicants will be notified of the decision on their application. The target total time from submission to notification is 20 working days, though this may be longer in situations where clarification is required with the applicant.

Additional conditions

Alongside the terms and conditions of the commitment to the fund letter, if, at the assessment stage, an application is found to only be passable based on certain conditions, said conditions will be listed in the loan agreement. As part of the contractual obligation, the public sector body will be required to fulfil all the conditions of their loan prior to or upon project completion.

For example, if an applicant is unable to provide a performance management plan for a solar PV project, this will be set as a condition within the loan agreement to be provided at the point of project completion.

Note that final payment of the loan will not be made until all conditions are resolved.

Award

Setting up the loan

Confirmation of the loan funding will be made in writing from Salix by way of a commitment to the fund letter outlining exactly what has been agreed.

Once your loan is confirmed you will receive the following documentation to be signed within 10 working days of receipt:

- Commitment to the fund letter
- Drawdown schedule
- Loan agreement
- Direct Debit Mandate

Successful applicants will then be required to provide us with a forecast drawdown schedule of their loan. This can be as an excel or pdf (for example) and needs to clearly state the months in which applicants expect to draw down on the loan. This

must be sent to your assigned relationship manager via email once you have received notification of your successful application.

The drawdown schedule provided is used to create your loan agreement. The loan agreement will identify the value of the loan, the criteria under which it is being made, and the dates that your loan will be paid and subsequently repaid.

Alongside the loan agreement, there will be a Direct Debit Mandate (DDM). This is a necessary document for us to be able to confirm the bank details that the repayments of the loan will be made from.

Any documents sent to the loan recipient from our team must be signed by the authorising official and returned to us within 10 working days.

Drawing down the loan

The total loan value needs to be accrued within the financial year in which it was awarded.

Key documents

To draw down on your loan, the following documents will be required:

- Evidence of need:
 - Invoices (need to be dated within the appropriate financial year)
 - Breakdown of works
- Schedule 5
- Instruction of payment
- Interim payment certificate (for interim payments)

Bank verification

Once your loan agreement has been signed, successful applicants will need to go through our online bank verification process, to verify the bank account that your loan will be paid into.

Interim payments

Some monies will always be retained until the project reaches completion. However, loan recipients can draw down the loan either as one payment at the point of project completion, or in interim payments.

As such, the recipient may be able to draw down on loan funding for a particular project(s) during implementation and before completion, perhaps to tie in with the payment profile which you, the applicant, have agreed with your external suppliers.

You must let us know if this is something you require, and we will consider your application as such. If Salix does agree to provide such interim/stage loan funding and the application is successful, the loan agreement and direct debit mandate must be entered into by the eligible organisation and ourselves before the first interim payment can be released.

We will require evidence of the need for interim/stage payments in the form of invoices or cost estimates up to a reasonable level of the amount required. Evidence for all loan payments must be provided to your relationship manager via email 30 days prior to any interim/stage payments made.

Amendments to the loan

In the event that your initial payment profile changes throughout the project's lifetime, you will need to complete and submit an amendment to your loan agreement. Amendments will be considered on a case-by-case basis. If agreed, your relationship manager will issue your loan amendment letter, which will need to be signed and returned to us within 10 working days.

Completion and loan repayment

Project completion

Once projects reach completion, applicants will be asked to submit to us a signed and authorised completion certificate for the final costs of the works. This should be supported with documentation to evidence costs for the final loan payment.

If these documents are not available at this time, they should be provided within 30 days of receiving your final payment. This certificate can be found on the [Salix website](#) subject to the final costs remaining within project compliance criteria.

In the case that an updated loan agreement is required, this will then be issued by us and sent for signature and return, together with a direct debit mandate.

Where there are changes in the final costs and/or savings to be achieved, then it will be necessary to submit a revised project compliance tool for reassessment before final payment is made.

Repaying the loan

The repayment of the loan will be a minimum of four years and can be flexible up to a maximum of 12 years, dependent on the project's payback which is determined

at the point of application through the Salix Compliance Tool. The repayment profile will always be set to make a repayment every 6 months starting from the date your project is complete.

The loans must be paid back to Salix by direct debit every six months over the confirmed period.

Appendix A: Performance Management Plan

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 plant 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.



3 Piccadilly Place,
020 4542 6439,
Manchester,
M1 3BN



10 South Colonnade,
Canary Wharf,
London,
E14 4PU



info@salixfinance.co.uk



02045426439