

Public Sector Decarbonisation Scheme Guidance: Minimum recipient contribution and like for like costs

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Introduction

All Phase 3 and 4 Public Sector Decarbonisation Scheme grant recipients are required to contribute a minimum amount of funding towards the total project costs, to demonstrate your commitment towards the new low carbon heating system. This contribution must be evidenced by invoices in order to receive your final grant payment and close your project. If this cannot be evidenced, grant funding may be reclaimed.

What is the minimum contribution?

- **For Phase 3a projects:** Your minimum contribution may also be called the like for like costs, equivalent to the full costs of replacing your existing heating system like for like.
- **For Phase 3b, 3c and Phase 4 projects:** Your minimum contribution must be at least 12% of the total project costs or the like for like costs, whichever is higher. If the cost of replacing your existing heating system on a like for like basis is over 12% this should be contributed by you in full.

Example 1: If the like for like costs are less than 12% of your total project costs, you are expected to contribute and evidence 12% of the total project costs

Example 2: if the cost of a like for like replacement is 15% of the total project costs, then you must contribute and evidence the 15%

What are like for like costs?

Like for like costs are the sum of all the costs incurred should your existing heating system be replaced with a typical fossil fuel heating system of the same type and size. In most cases this will be equivalent to the costs of replacing the system with a conventional boiler.

How do we identify and evidence the like for like costs?

At the Public Sector Decarbonisation Scheme application stage, you are expected to evidence the estimated cost for a like for like replacement of your existing fossil fuel plant using previous project costs, quantity surveyor estimates, quotes or contractor estimates. The like for like costs should include the cost of auxiliary works within the plant room only, including but not limited to:

- New controls
- Pumps
- Flue systems
- Expansion vessels
- Pipework and insulation
- The cost of removing the end-of-life heating plant
- The cost for installing the fossil fuel heating plant
- Commissioning work

How do we find our exact minimum contribution amount?

The minimum recipient contribution you are required to evidence can be found in your application form. The location may be different depending which phase of the Public Sector Decarbonisation Scheme you are receiving funding from.

- **Phase 3a projects:** Step 3.2 of your application form under 'existing heating system'
- **Phase 3b and 3c projects:** Step 4 of your application form, by subtracting the '12% compliant marginal project value' from the 'total project cost'
- **Phase 4 projects:** Step 4.1 of your application form under 'carbon saving measures'

What if our project scope changes?

For projects undergoing scope changes, please contact your Salix relationship manager and they can advise how your minimum contribution amount may be affected by this.

How do we evidence our minimum contribution?

Prior to receiving final payment, you must provide a final statement of expenditure with all three steps completed.

- **Step 1: Final grant claim**

This should be completed as usual for your final grant funding claim.

- **Step 2: Minimum recipient contribution costs**

You must provide invoice evidence to demonstrate you have contributed the minimum amount required to your project. Invoices should be listed in step 2 of your final statement of expenditure, in the same way as your grant claims.

- **Step 3: Remaining recipient contribution**

This is anything additional that you are spending on the project above the grant value and minimum contribution.

Example (Phase 3 project):

Total project costs	£1,000,000
Eligible grant value (within £325/tCO ₂ compliancy criteria)	£700,000
Like for like costs	£100,000 (10%)
Minimum recipient contribution	£120,000 (12%)
Remaining recipient contribution	£180,000

What if our project is delayed past the grant end date?

If your project is following the delayed completion process, approved through a Grant Amendment Letter, you may not have enough invoices to evidence your minimum contribution prior to final payment. In this scenario, we may be able to make final payment without this evidence, but you must provide this when the project reaches practical completion. Spend after the grant end date can count towards your minimum contribution evidence. Please see the delayed completion guidance on the '[Completing your project](#)' page of our website for more information.