

Public Sector Decarbonisation Scheme Guidance: Equipment orders and vesting certificates

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Introduction: Claiming grant funding for equipment costs

Equipment orders is one of the only exceptions where grant recipients may claim Public Sector Decarbonisation Scheme (PSDS) funding in advance, before the equipment is delivered on site, subject to additional supporting evidence being provided. This can help you to maximise your grant spend within each financial year you've been allocated funding. Please note you can only claim for the costs incurred within the financial year your grant funding has been allocated to and within the grant period.

We can accept vesting certificates alongside invoices as supporting evidence for payment claims so that you can maximise your PSDS project spend by claiming for items arriving on site after the financial year end.

You may find that you need to pay for equipment in advance, either in full or a deposit, to secure the equipment due to long lead times or high demand/limited supply. To claim for the costs of ordering equipment during the grant period, even if the equipment will not be delivered until after the grant period has ended, you must provide a vesting certificate or alternative supporting documents to demonstrate evidence of need. This is required for all low carbon heating measures purchased, or where there is significant spend on other measures. In this context, significant spend is considered to be >10% of the grant value, or £250k, whichever is smaller.

Please note, 'orders placed' refers only to equipment orders and not securing a contractor or services for a later phase of works e.g. construction/installation.

What is a vesting certificate?

A vesting certificate is a legal document that confirms ownership of assets, such as machinery or materials, that have not yet been delivered to site. The purpose of a vesting certificate is to provide protection of ownership rights, security and safety, and compliance to regulations for the goods acquired. You may use vesting certificates to demonstrate to us that you have legally procured equipment, even if this hasn't yet been delivered to site.

What evidence do I need to show to claim equipment costs?

When claiming grant funding for the costs of equipment orders placed, you must provide the following additional evidence:

- Invoice clearly showing the costs are being claimed for orders placed, including the equipment ordered and the terms e.g. 10% deposit
- Order confirmation email or letter from the supplier with the following information:
 - Confirmation the order has been placed
 - Exact equipment ordered including number of units
 - Delivery address

- Expected delivery date
- Payment amount received*

**In some cases, the contractor may wish to redact this information. This can be accepted provided all the above information has been provided and matches the invoice*

- For all orders placed after 31 December 2025 (and the equipment has not yet been delivered), you must provide a vesting certificate from the equipment supplier with the following information:
 - Dated on/before 31 March
 - Clear description of items listed, including their quantity and value
 - Addressed to the grant recipient

Do we need to provide vesting certificates for orders placed in multi-year projects?

Yes, but only during the year end period. If equipment orders are placed after 31 December 2025, vesting certificates must be provided. This ensures that for equipment that will be or is likely to be delivered after 31 March, you've demonstrated that the equipment was purchased in the financial year your PSDS funding is allocated to. This is required even if you have funding allocated for the following financial year. This requirement isn't necessary if the equipment is already on site.

What if we are claiming for orders placed and equipment will be delivered before the end of the financial year?

If the equipment will be delivered on or before 31 December 2025, then you do not need to provide a vesting certificate. You will need to provide the additional evidence listed above to demonstrate the orders have been placed, regardless of when the equipment will be delivered. However, we will consider whether the delivery timescales indicated are reasonable, particularly as we approach financial year end. If the expected date of delivery was originally prior to 31 December 2025 but you experience delays which moves the expected delivery date into March, we will request a vesting certificate to ensure this remains eligible expenditure. If you are unable to provide this evidence, there is a risk funding may be reclaimed if the equipment does not arrive on or before 31 March 2026. This is because the 'works' have not been considered completed during the financial year, so the costs will no longer be considered eligible PSDS expenditure.

What if we are unable to provide a vesting certificate?

For any orders placed where the equipment has been ordered after 31 December 2025, and the equipment is not yet on site, you should provide a vesting certificate. If you are unable to provide a vesting certificate, we ask that you to raise this with your Relationship Manager and confirm the reason this cannot be provided. This will then be reviewed internally on a case-by-case basis *prior* to payment.

If you are expecting to claim PSDS funding for placing equipment orders, we recommend you discuss the evidence requirements with your contractor before confirming your forecast, to ensure you will have all the documents ready for the payment request submission deadline.

What if the vesting certificate is addressed to our contractor?

We advise that the vesting certificate is addressed to the grant recipient, to demonstrate the public sector body owns the equipment. However, we may assess vesting certificates addressed to contractors on a case-by-case basis.

Can we claim deposits for equipment?

Yes, you can claim for deposits for equipment orders, where this is reasonable and you can evidence the orders have been placed with additional evidence as listed above. Typically, deposits would be around 10% of the equipment costs. Large deposit amounts may be queried prior to approving payment.

Please note, deposits can only be claimed against equipment orders. You cannot claim for deposits against any other works e.g. installation, future milestones.

Examples

A. Equipment delivery ordered after 31 December

PSDS funding may be claimed for the costs of equipment ordered within the grant period, even if this is not expected to be delivered until after the grant end date of 31 March. Vesting certificates must be provided to evidence when the costs have been incurred in order to claim your PSDS funding. If you cannot provide vesting certificates, other evidence may be accepted on a case-by-case basis.

B. Multi-year projects

For grant recipients with a multi-year project starting in April 2025 and ending in March 2027-28, if you wish to claim PSDS funding for equipment orders placed during year one of your project (financial year 2025-26), which will not be delivered until year two, e.g. April 2026, you are required to provide vesting certificates as evidence along with invoices for your payment request. You may not claim for an invoice dated in financial year 2025-26 from your year two (financial year 2026-27) PSDS funding allocation. If you are unable to provide vesting certificates and the other supporting evidence required to claim the funding from your year one allocation, you cannot claim this at a later date.

C. Deposits

If you are required to pay a 10% deposit for the order of equipment in January 2026 and will pay the remaining 90% when the equipment is delivered in June 2026, you can only claim PSDS funding for this in the financial year the costs were incurred.

- i. Single year projects: Grant recipients with a single year Phase 4 PSDS project starting in April 2025 with grant end date March 2026 could only claim the 10% deposit as the costs incurred within the grant period (subject to sufficient evidence being provided).
- ii. Multi-year projects: A multi-year project starting in April 2025 and ending in March 2027 could claim the 10% deposit in their year one funding allocation (financial year 2025-26) and the 90% remaining payment in year two (2026-27). If the 10% deposit is not claimed from your 2025-26 funding allocation, it cannot be claimed in year two.