

Public Sector Decarbonisation Scheme Guidance: Equipment orders and vesting certificates

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Introduction

To support you in securing equipment and keeping your project programme on track, the rules for grant recipients claiming costs incurred when ordering equipment are slightly different and additional information may be required.

You may claim for the costs of ordering equipment during the grant period, even if the equipment will not be delivered on site until after your grant end date. We allow this flexibility as an exception to help you reduce the risk of not being able to claim your full grant. You are only able to claim for the costs you have incurred within the grant period and specific financial year your funding is allocated to, and you must provide the appropriate supporting evidence detailed below.

Types of equipment orders

We consider equipment orders within two categories from a grant assurance perspective:

1. **Key capital equipment**, listed on step 4.2 of your latest approved Project Form, for example:
 - Low carbon technologies
 - Solar PV panels
 - Other energy efficiency measures
2. **Ancillary supporting equipment**, for example:
 - Ducts, valves, piping, fittings, minor pumps, materials etc.

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

When claiming costs for orders placed for key equipment listed on step 4.2 of the Project Form, you must provide the following evidence:

- Invoice clearly showing costs are being claimed for orders placed including the equipment ordered and the terms:
 - If the claim is to secure an order with a deposit or a partial payment, the percentage must clearly be listed
- Order confirmation email or document 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.*

What evidence is required if the equipment is already on site?

If you confirm with your relationship manager that the key equipment is on site at the point of payment request, you need only produce geotagged photographic evidence clearly depicting the equipment your premises. In this situation, order confirmations and vesting certificates will not be necessary to obtain.

What is required for ancillary equipment orders?

Ancillary equipment such as ducts, valves, piping, fittings, minor pumps and other supporting equipment as part of your capital project typically have short lead times and therefore the additional supporting information isn't considered necessary.

However, during the accruals payments window, this equipment can only be claimed for if it can be proven to be on site within the grant period, via geotagged photographic evidence. This is because this type of equipment/parts typically cannot be vested.

What are vesting certificates?

A vesting certificate is a legal document that confirms ownership of assets, such as plants, machinery, or capital equipment 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.

Vesting certificates will be requested to demonstrate to us that you've legally procured equipment even if it's yet to be delivered to site. They are only a requirement when order confirmations indicate that the delivery date is over three months from order confirmation date (for claims between April to December, Q1-Q3) and for all orders placed in the final quarter of the financial year, between January to March (Q4).

We'd expect vesting certificates to be provided by your supplier, however as part of their project management duties, contractors or consultants can produce



these documents. These can be accepted as long as they adhere to the standard vesting certificate checks.

The vesting certificate should be addressed to the public sector body or clearly state that the listed equipment is your property. If there is no reference to your ownership, your relationship manager will query this.

When are vesting certificates necessary?

Where your claim for key equipment takes place in Q4, or the associated order confirmation indicates the delivery date is three or more months after the order confirmation date, you must provide a vesting certificate with the following information:

- Dated on/before 31 March
- Clear description of items listed, including their quantity and value
- Terms of vesting and the orders i.e. deposit values on delivery
- Addressed to you as the grant recipient

Where payment has been made in advance of equipment delivery and your supplier confirms that delivery has been delayed beyond three months, you must inform your relationship manager and provide a vesting certificate.

What if we can't produce vesting certificates?

If you're unable to provide a vesting certificate, or the vesting certificate does not meet the agreed requirements, this must be flagged with your relationship manager **prior** to a payment claim being submitted. We will ask for a written statement confirming the exact reasons why a vesting certificate can't be provided. Once this has been received, it will be escalated internally, reviewed and your relationship manager will confirm if we approve or reject your reasoning. If approved, your relationship manager will provide you with a list of alternative evidence that may be accepted. Once provided, this will also be scrutinised before payment is made.

Can we claim for deposits?

Where key equipment costs require a deposit to be made to secure the order, this is considered eligible spend if the deposit terms and percentage are clearly listed on the invoice, and the deposit is within the expected industry standard.

There are restrictions based on when the deposits terms are due. For example, if the GR pays a 10% deposit for the order of equipment in January, and you will pay a remaining 90% when the equipment is delivered in the June following the grant end date, you can only claim the 10% of costs incurred within the grant



period. Additionally, you can only claim costs in the financial year they were incurred. So, in the above example, a multi-year project would need to claim the 10 per cent deposit and the 90 per cent full payment in the financial years they were incurred.

What if we are required to pay large deposits or have long lead times?

When you submit a payment claim including deposits and the first deposit is over 25 per cent, or if the order confirmation states that the expected delivery time is over six months, this will be queried as it falls outside of what we expect as industry standard.

In the event of either of these scenarios, we will request reasoning from you in the form of written justification. Your relationship manager will then inform you of our decision prior to your payment request being processed.

What evidence is required in different scenarios?

The evidence requirements are different depending on the type of equipment, the type of costs and the expected delivery date of the equipment. It also depends on the timing of the order during the financial year, between April to December (Q1-3) or January to March (Q4).

Scenario	Evidence required
Key equipment orders placed in Q1-Q3 with a lead time under three months	• Invoices • Order confirmations
Key equipment orders placed in Q1-Q3, with a lead time of over three months	• Invoices • Order confirmations • Vesting certificates
Key equipment orders with deposits over 25% and a lead time under three months	• Invoices • Order confirmations • Written justification for the deposit value (subject to approval) (vesting certificates required if the lead time is over 3 months)
Key equipment orders with a lead time of over six months	• Invoices • Order confirmations • Written justification for the length of lead time (subject to approval)
Key equipment orders placed in Q4	• Invoices • Order confirmations

	• Vesting certificates to provide additional assurance of key purchases
Key equipment orders that have been delivered on site	• Invoices • Geotagged photographic evidence is required to prove the equipment is on site
Ancillary equipment orders in Q1-Q4 (before accruals period)	• Invoices • No additional evidence is required
Ancillary equipment costs claimed within the accruals period	• Provide proof the equipment is on site within the grant period in the form of geotagged photographic evidence