



The Wales Funding Programme

Application Notes

Welsh Government has combined the assessment methodology of Invest 2 Save and Salix Finance to create a single application process. This document provides a step-by-step guide about how to apply for both funds using a simple online process.

1. The Wales Funding Programme

The programme allows Public Sector Bodies (PSBs) to apply for interest-free finance of up to one hundred percent of the costs of an energy saving, or renewable energy, project meeting the criteria set out in Section 3 below. A repayments schedule will be proposed once the application has been reviewed and granted funding.

Projects will then have to be completed within an agreed timeframe from the commitment date.

The programme is split into two stages:

- I. **Application** – submission of an application, assessment and commitment of funding
- II. **Delivery** – completion of the project with set up of the repayment of the capital

2. Background notes

- ✓ Applications will be assessed in a round(s) of funding throughout the financial year. For larger projects, interim/stage payments may be possible and this will be agreed on a case by case basis. In order for Salix to release funding for both interim payments and final payments we require clients to provide reasonable evidence of project costs within 30 days after receiving remittance advice from Salix. If a project is not completed then all interim payments made must be returned immediately.
- ✓ Successful applicants must provide regular updates on progress of the project in order to ensure that project completion is progressing as agreed. Failure to do so may result in funding being returned.
- ✓ Projects which increase in cost to the extent that they are no longer compliant with the programme's criteria cannot be funded unless the public sector body is prepared to cover the additional costs. Project assessments at the start therefore need to be thorough and project management during the installation needs to be well controlled.
- ✓ For projects that will be delayed beyond the timescales agreed at the time of application, the PSB is to provide a valid reason in writing for a time extension on the project to their programme Client Support Officer. Delayed projects that have not submitted prior notice to the programme can have funding withdrawn.
- ✓ In very rare circumstances, the programme reserves the right to amend any of the requirements in respect of deadlines and will confirm any change in writing to the specific applicant. This amendment will not be transferable.



3. Project Criteria

Only those projects where the resultant energy savings, over the lifetime of the project, go directly back to the public sector and the public sector gains a direct financial benefit are eligible.

In order to comply with the funding criteria, projects must identify the following criteria using the application form to identify whether the project;

- ✓ Can pay for itself from the energy savings resulting directly from the project within a maximum 8 year period (unless the applicant can evidence a special case for investment above this payback criteria); and
- ✓ Costs no more than £200 to save a tonne of carbon dioxide over the expected lifetime of the project.

Projects must also be “additional” – there are a number of criteria that are used to assess whether a project is “additional”, including:

- ✓ Is the project required by legislation? 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”.
- ✓ Has it already started or has funding already been agreed? If so it is “not additional”.

If the answer to all of the above questions is “NO” then the project can be funded under the programme. The programme looks to self-certification for additionality, although it will be confirmed if an audit is undertaken of the project.

4. Responsibilities and competence

The programme assumes 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);
- ✓ project delivery including project management; and
- ✓ post project completion activities including any verification of savings.



5. The application process

Preparing your application

You can apply for funding for more than one project in a single application. Clients should be in a position to be project ready and have clear costs and savings identified with all internal approval needed in place to proceed. To complete your application, you will need to ensure the five simple steps are completed:

Five simple steps to apply:

1. Visit the Salix Website: <http://www.salixfinance.co.uk/loans/welsh-loans>
2. Download the application form
3. Complete the application form providing all necessary information for a full technical assessment and obtain sign off from an authorising official
4. Submit the **signed and scanned application** form as well as the original application (as an excel file) to wales@salixfinance.co.uk
5. Application is assessed and a decision is typically made within four weeks

Finance can be provided for projects where the applicant makes a contribution to the cost in order to make the project compliant with the programme. This information and level of contribution must be declared when making the application. PSBs also have the option to retain up to 25% of the savings each year, extending the finance payback period to 10 years

Completing your application

Part 1

Enter the 'Programme Details'. This section includes:

- ✓ Details of the PSB applying (type, project title, project manager details, sponsoring director details);
- ✓ Summary of the project works taking place;
- ✓ Detail of the project achieving the Well-being of Future Generations Wales principles;
- ✓ Project costs applied for, project start and completion dates;
- ✓ Description of arrangements for monitoring and managing the programme post-completion;
- ✓ Outline of the project delivery team;
- ✓ Previous experiences on the energy efficiency measure applied for;
- ✓ Description of any risks and measures in place to minimise them;
- ✓ Key project delivery milestones; and
- ✓ Sign-off from the Sponsoring Director.

Part 2

Complete the 'Project' sections of the application and this includes:

- ✓ Description of project works taking place;
- ✓ Selection of project type and technology work type from the drop-down menu;
- ✓ The expected life of the building in which the project is due to be implemented;
- ✓ The average price expected to be paid for energy used in the project over the repayment profile*;
- ✓ The load used by the existing equipment prior to the change and the load after installation of the new technology to give an annual kWh saving; from the above, the % kWh you are projecting to save; and
- ✓ Explanation of how the programme cost and energy savings have been derived, detailing any assumptions and calculations.

** please bear in mind that energy prices may change and the figure used can be one you believe your organisation will be paying, on average, during the repayment period.*



A list of technologies eligible for funding is also provided in the application form under tab 'Technology List' for reference.

Providing a project meets the programme's compliance criteria, project costs can include installation costs and the cost of project managing the installation if this is required, e.g. the cost of clients own expertise and/or consultant to manage the implementation and completion of a project.

In particular for larger projects, we also allow and would recommend that the cost of any appropriate sub metering be included as part of the total project cost. We would see this as very beneficial to support the future monitoring of actual consumption and associated savings for internal or external verification.

If your organisation cannot reclaim VAT, this should be included as part of both the project cost and fuel costs. If VAT can be reclaimed, it should be excluded from the calculations.

6. Processing the application

Salix will assess your submitted application to ensure they are achievable. We will aim to process applications and inform you of the outcome within 4 weeks of the close of the bidding round. Salix will also carry out a technical check on the details provided which may lead to a request for further information **(1)**. It will not be possible to process the application until this information is provided and agreed by Salix.

Confirmation of funding will be finalised in writing from Salix. For acceptance of funding through the Salix model, a commitment letter outlining exactly what has been agreed will be sent as confirmation to the Sponsoring Director and a copy of this letter must be signed by them and returned to Salix within 10 working days. Any projects deemed suitable for Invest 2 Save funding will be informed directly.

Note 1 – In order to reduce delays to the technical check process, please provide information such as saving calculations, internal business case paper work, and evidence of cost basis submitted with your application.

7. Support and Advice

Salix has set up a support team to assist PSBs with their applications. This team will be able to provide advice on how to complete the application form. Please utilise this resource by emailing enquiries to wales@salixfinance.co.uk and the support team will respond either by email or telephone. Please remember to include your personal contact details on the email.

In addition to the support provided by Salix for completing your application, additional support may be available from consultancy and advice companies or technology suppliers. If this support is in connection with implementing the project, any costs associated with obtaining it can be added to the project cost as long as the project remains compliant.

This scheme is a financing option and it is possible for PSBs to use energy performance contract frameworks or other similar resources to design their programme of works and then proceed to apply for funding through the programme.