

## Appendix A. Phase 3 Public Sector Heat decarbonisation Scheme.

On the 17<sup>th</sup> September 2021 BEIS announced phase 3 of the Public Sector Heat Decarbonisation Scheme the below describes this funding stream.

### Application process.

- Applications open from 2pm 6<sup>th</sup> October (the previous round was over subscribed within 6 hours, so advice is that the application is ready for 2pm on 6<sup>th</sup> October)
- Applications will be considered on first come first served basis
- There is no cap on expenditure.
- Spend on successful applications would start from April 2022
- Delivery of works can be over 3 years ( 22/23, 23/24, 24/25). BUT 85% of funding available will be allocated to single year projects 2022/23 with 15% allocated to the first year of multi-year applications. Future years being covered by future funding rounds. A multi-year application can start with insulation etc in year 1 with heat install. in year 3, see example below;
  - Funding requested 2022/23: Roof insulation, Wall insulation, Electrical infrastructure upgrades £500,000
  - Funding requested 2023/24: Electrical infrastructure upgrades, Lighting upgrades, Window replacements £1,200,000
  - Funding requested 2024/25: Window replacements, Low carbon heating replacement £3,000,000
  - TOTAL £4,700,000
- Need to state at this application round if a single or multi year application.
- Funding available for Phase 3 PSDS will not be confirmed until after this year's Spending Review. Therefore, there is no guarantee of any funding until the outcome of the Spending Review is confirmed so applications are submitted at the risk of the Applicant.
- Grant offers will only be made after the total funding for the Phase 3 PSDS is confirmed. If we are successful we can not expect to be informed until early 2022.
- NYCC contribution would be the 'like-for-like' replacement cost of the old boiler.
- Primarily for capital works, however external consultancy and management fees may be Included
- Reasonable enabling and ancillary works may be included in the application, provided they are directly linked to the core technologies being installed, and these will be reviewed for value for money

### Fund aims and criteria

- The objective of the Phase 3 PSDS is to support the transition to low carbon heating in public sector buildings, in addition to improving energy efficiency. It aims to achieve this by providing funding to replace end-of-life fossil fuel systems (such as gas boilers) with low carbon heat sources as a requirement and bundled with energy efficiency measures to facilitate a 'whole building' approach to heat decarbonisation. One difference to note for the Phase 3 scheme is the reference to direct carbon emissions.
- This round is focussing on replacing fossil fuel heating systems reaching the end of their useful life. Applicants can refer to their latest plant service report to determine if their heating plant is at the end of its working life. If this is not available, then they can also consult the manufacturer's product information or industry guidance such as CIBSE Guide M to understand if their heating system is considered to be at the end of its useful life. In the case where the system has reached the end of its useful life sooner than is typically expected, the Applicant has to set out the rationale and provide evidence to show why they believe this is the case. This evidence will form an important part of supporting information.
- Funding criteria is based on a maximum spend £325/tCO<sub>2</sub>. A support tool to assist applicants is provided. This criteria applies to multi-year applications as a whole. Funding will be provided up to this threshold with applicants finding the rest.

Guidance notes with list of eligible technologies in Appendix 1

[https://www.salixfinance.co.uk/sites/default/files/Phase\\_3\\_PSDS\\_Guidance\\_Notes.pdf](https://www.salixfinance.co.uk/sites/default/files/Phase_3_PSDS_Guidance_Notes.pdf)

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