

Public Sector Energy Efficiency Funding

There has never been a better time to gain funding



The recent announcement of the use of the £1bn funding to improve the energy efficiency of the public sector buildings has set a funding landscape for energy saving projects that has not been seen in the last 10 years.

This window of opportunity will only exist for the next few months and is on a first come, first served basis so it is important to ACT NOW!

There are currently four funding streams available.

1. Funding for Energy Audits / Decarbonisation Advice

The Low Carbon Skills Fund (https://www.salixfinance.co.uk/public_sector_low_carbon_skills_fund.) has been launched at the start of October 2020.

This fund will provide money to public sector bodies (including schools, academies and MATs) to get in specialist support and advice on how to make their buildings more energy efficient, and decarbonise all aspects including their heating. In essence this can pay for audits and for a holistic decarbonisation plan to be developed.

This should be of great interest to estates directors and the like who could put in a simple application for funding to have all of their estate audited and an energy reduction plan put in place. This can be applied for by any public sector body including individual schools, academies and MATs.

One section in the application asks how much you wish to apply for. As a rough guide, the figure of £650 per primary school and £1,500 per secondary school to undertake a full audit and put together an overall plan would cover LSI Energy's costs of undertaking this work for you.

There are two funding deadlines which are 30th October and 4th December so you would need to act promptly to obtain this funding.

2. 100% Grant Funding for Energy Efficiency projects which include a heat pump or the like

The Government has also announced details of its flagship £1bn scheme for decarbonising public sector buildings.

This focuses on projects that are going to decarbonise their heating and therefore offers funding to schemes which include:

- An Air to Water source heat pump to replace gas or oil boilers
- A Ground Source heat pump to replace gas or oil boilers
- A connection to a district heating scheme to replace gas or oil boilers
- Installation of direct electric heating
- Or for sites which are already on 100% decarbonised heat (i.e. electricity (either direct or heat pump, or biomass) to access funding for other energy efficiency measures (i.e. LED or PV)

Once the project includes one or more of these 'decarbonisation of heat' elements listed above, then a full range of other energy saving measures can also be included in the funding application which cannot be included without one of the above. This would cover such measures as insulation, double glazing LED lighting and controls, PV panels and battery storage, control systems, energy efficient IT, and the like.

Works need to be completed ideally by end of March 2021 and no later than 30th September 2021. There is an allowance for sites which cannot include a heat decarbonisation project in the timescale but have committed to do so; in this case they should use the Low Carbon Skills Fund to procure a feasibility study and show commitment to implementing and funding this. There is also an ability to apply for funding to replace oil or coal systems with gas boilers where it can be shown that replacing them for a heat pump is not viable.

Funding deadlines for this are by 11th January 2021 but allocation of funds is on a first come first serve basis and therefore applications in the earlier rounds with deadlines of 12th October, 26th October, 9th November and 23rd November are strongly advised.

3. SALIX Zero Interest Loan Funding for Schools and Public Sector Organisations

The SALIX scheme remains open to fund public sector energy efficiency projects without the requirement for having to include a heat pump or similar in the scheme. This funding provides the upfront capital to undertake projects that payback in under 5 years (or for schools this is extended to under 8 years) and then the loan is paid back from the energy savings it achieves. In this way it 'cashflow neutral' to the public sector organisation. This is a Government scheme and therefore is pre-approved for schools and public authorities in line with their financial regulations. Schemes have to have a minimum capital value of £8,000 and there is no maximum. Academy schools cannot use SALIX in this form.

This funding route is advised to be used by all those sites where a heat pump or other decarbonisation of heat is not viable (i.e. they have an existing gas boiler which remains serviceable for many years to come heating via radiators or the like).

4. SEEF Zero Interest Loan Funding for Academy Schools

As academy schools cannot access the SALIX funding. The SEEF funding route has also just opened which allows academy schools and MATs to access an interest free loan to pay for energy saving works. This works in a similar way to SALIX but this round has had a cap of £200,000 maximum project cost per school and have been highly competitive with only 1 in 4 applications being successful in the last round. Therefore, in order to have a high chance of success, paybacks in the region of 6 years or less need to be presented.

Previous to this round opening there have been two rounds of SEEF in the last four years and therefore this funding window represents a major opportunity for academy schools to fund energy saving works such as LED lighting which may not otherwise be available to them for another 18 to 24 months.

LSI Energy is well placed to undertake the surveys and audits needed to identify the energy saving measures, advise on the most appropriate funding routes and make applications for public sector organisations as well as managing the implementation project.

Please contact Matt Fulford for further information on Matt.Fulford@lsienergy.com.

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