

Introduction to the Green Public Sector Estate Decarbonisation Scheme

Scottish Government



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Background

- The Scottish Government's Heat in Buildings Strategy sets out actions and proposals for transforming our buildings and the systems that supply their heat to enable us to reach net zero emissions by 2045.
- Energy efficiency across the public sector has been identified as a high priority and we must utilise all pathways and technologies to unlocking deployment of zero emissions heating systems and decarbonise our public sector estates.
- Over the next five years, we are committed to continuing to build upon our existing support programmes and to providing £200 million of investment for public sector bodies to undertake energy efficiency projects.
- Earlier this year, The Scottish Government established the Green Public Sector Estate Decarbonisation Scheme combining existing support mechanisms with a new grant funding scheme.



Scottish Green Public Sector Estate Decarbonisation Scheme

Scheme Purpose and Composition

- Commitment to invest a minimum of £200 million support over next five years in decarbonising Scotland's public buildings through Scottish Green Public Sector Estate Decarbonisation Scheme.
- Scheme brings together existing financial support mechanisms with new support for Central Government encompassing:

Scottish Public Sector Energy Efficiency Loans Scheme

Administered through Salix Finance since 2008, under which loans are awarded to public sector organisations with borrowing powers to improve the energy efficiency of their estates utilising a wide range of green technologies. In 2021/2022, a further £10 million will be available to support this loan scheme. Furthermore, the Scottish Government will continue to increase investment in this loan scheme to sustain the decarbonisation of public sector buildings in Scotland. Recent updates to the loan scheme include an amended intervention rate of 75% and a revised payback period of 12 years.

Scottish Public Sector Non-Domestic Energy Efficiency Procurement Frameworks and Project Support Unit

The NDEE Framework and Project Support Unit was relaunched in March 2016. This framework has been designed to support public and third sector organisations procure energy efficiency retrofit work. The economies of scale and standardised approach offered by this framework is attractive to both the public sector and private sector; offering both better solutions and better value for money. The Scottish Government will continue to develop and provide support to the public sector through the NDEEF.

Scottish Central Government Energy Efficiency Grant Fund

This new funding scheme has been designed specifically to offer support to public bodies who have no borrowing powers, such as central government agencies, NHS, colleges, fire, police, justice and prison services, to enable them to progress low carbon building improvements that have previously been challenging to deliver due to capital budget constraints. The fund will offer both resource and capital grant funding support to enable the delivery of successful decarbonisation projects across the public sector, specifically supporting the retrofit of existing buildings.



Scottish Public Sector Energy Efficiency Loan Scheme delivered by Salix Finance

- Interest free loans for Local Authorities, ALEOs and Universities.
- The Scottish Government has invested over £50 million in loan funding to support more than 950 projects to date and with a total capital value of over £70 million.
- These projects have resulted in £11 million annual savings and 46,000 tonnes annual carbon savings for public bodies, equating to more than £150 million and 500,000 tCO₂ lifetime savings since 2008.
- In 2021/2022, an additional £10 million capital will be available to eligible public bodies with increased maximum 75% intervention rate offered along with increased pay back criteria to improve the scheme's accessibility for eligible organisations.
- Further information on the loans scheme, including how to apply, can be found here:
<https://www.salixfinance.co.uk/loans/scotland-loans>



Public Sector Non-Domestic Energy Efficiency Frameworks (NDEEF) and Project Support Unit (PSU)

- Two National Procurement Framework Agreements for the provision of Non Domestic Energy Efficiency (NDEE) capital installations for public and third sector projects under £1 million capital and projects over £1 million capital for the Scottish public sector.
- There are a number of pre-approved suppliers for retrofit of public sector and third sector buildings with energy efficiency assets using Energy Performance Contracts to guarantee carbon and costs savings.
- The Project Support Unit (PSU), run by Mott MacDonald, supports users of the NDEE frameworks to develop documentation and issue tenders for available services and supports Framework public bodies through the implementation of their retrofit projects.
- Funding support of up to £50,000 per project is available from Scottish Government for PSU services.
- Further information on the NDEEF can be found here: <https://www.gov.scot/publications/non-domestic-energy-efficiency-procurement-framework-buyers-guide/>



First round of Central Government Energy Efficiency Grant Funding

- In June 2021, the first round of funding support through the Central Government Energy Efficiency Grant Fund was announced
- Applications were received from a number of eligible public sector organisations and reviewed by an independent panel
- Projects in this initial round of funding are expected to deliver to quick timescales, with required completion by end March 2022
- 19 applications for resource (or pre-capital) support were successful, totalling over £750k of investment
- 21 applications for capital support, for projects ready to be delivered, were successful, totalling over £10 million of investment
- Projects underway are working to complete the installation of numerous energy efficiency technologies such as solar PV arrays, improved LED lighting and building management systems



Overview of next round of Central Government Energy Efficiency Grant Funding

- Work is currently underway to develop the next round of grant funding support through SGPSEDS
- The next funding call will have longer timescales to enable support for more complex and multi-year project delivery for eligible public sector bodies
- We aim to announce details of the launch of the next round of funding in Autumn/Winter 2021, full details of how to apply will be shared at this time
- As a minimum we hope to offer support through the grant fund as follows:

| 2021/2022 | 2022/2023 | 2023/2024 | 2024/2025 | 2025/2026 |
|------------|------------|-------------|-------------|-------------|
| £7 million | £5 million | £10 million | £32 million | £45 million |



Eligibility for Grant Funding Scheme

Eligible Public Sector Organisations:

- Central Government – SG Departments and agencies, NHS, colleges, police, fire and rescue, justice and prison services
- Buildings must be in ownership of the public body
- Local authorities and Universities are not eligible for this grant funding scheme, but are encouraged to contact Salix Finance to discuss potential applications to the revised Public Sector Energy Efficiency Loan Scheme

Eligible Technologies and Measures:

- Completion of building energy audits, options appraisals, feasibility studies, business cases and other project planning requirements through specialist external support
- Retrofit of existing buildings with fabric first
- Building fabric, insulation, glazing and doors, lighting, BEMs and others
- Technologies reliant on the use of fossil fuels are **not** eligible
- Public bodies should align applications with any estate rationalisation plans



Application and Assessment for Grant Funding Scheme

- Once the next round of funding has been launched, an application form and guidance notes will be made available from SG webpage
- Applications will undergo technical and due diligence checks in line with the size and scope of the project
- The window for applications will be open for at least 6 weeks and projects applying for support can include multi-year delivery timescales for completed installation between 1 April 2022 and 31 March 2027
- Public bodies seeking support for multiple projects are welcome to submit a combined application form or a series of application forms, containing all required and relevant information for each element
- Projects will be assessed against the following criteria:
 - Technical feasibility and anticipated energy/carbon savings
 - Financial costs and modelling
 - Project delivery and management strategies



Thank you

Contact: gpseds@gov.scot

Website: <https://www.gov.scot/policies/energy-efficiency/energy-efficiency-in-the-public-sector/>

